

## FRANCHISE DISCLOSURE DOCUMENT

|                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>INTELLIGENT LEADERSHIP<br/>EXECUTIVE COACHING</b><br/>Decades of Coaching Success</p> | <p><b>Performance Enhancement Franchising, LLC</b><br/><b>d/b/a Intelligent Leadership Executive Coaching</b><br/>a Connecticut limited liability company<br/>464 Heritage Road, Suite 3<br/>Southbury, Connecticut 06488<br/>(203) 405-2120<br/><a href="http://www.ilecdiscovery.com">www.ilecdiscovery.com</a><br/><a href="mailto:slsdept@franchisesource.com">slsdept@franchisesource.com</a></p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Performance Enhancement Franchising, LLC d/b/a Intelligent Leadership Executive Coaching offers a franchises opportunity to establish a business that offers executive business coaching services to individuals and organizations in all industries and a variety of sizes including small, mid-size, global, Fortune 100, entrepreneurial, and startups.

The total investment necessary to begin operation of an Intelligent Leadership Executive Coaching franchised business is \$113,340 to \$124,090 for a single unit. This includes \$100,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of 3-5 Intelligent Leadership Executive Coaching franchised businesses is \$258,340 to \$399,000. This includes \$245,000 to \$375,000 that must be paid to the franchisor or its affiliates.

In addition, there are the first six months' estimated start-up expenses which includes six months of Managed Services and Technology Program and Brand Building Fund fees, office supplies, travel and entertainment, possible payroll, state licensing, business supplies and other possible overhead costs. These funds are estimated to range from \$10,340 to \$11,340 and are paid as they are incurred. We have relied upon our management's combined experience in the franchise and executive coaching business to compile these estimates, as well as review of current costs for the expenses above. The only portion of these funds that is paid to the franchisor is the cost of Managed Services and Technology, at the rate of \$125 per month/\$750 for 6 months, and the Brand Building Fund fees, at the rate of \$750 per month/\$4500 for 6 months, with the total paid to the franchisor for both services for six months being \$5,250.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14) calendar days before you sign a binding agreement with, or make a 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 Jessica Pettit at 464 Heritage Road, Suite 3, Southbury, CT 06488, (203) 405-2120.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the

Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 15, 2022.

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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



## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Connecticut. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Connecticut than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Mandatory Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third-party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

**The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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### EXHIBITS:

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| Exhibit A | Franchise Agreement                                  |
|           | Attachment 1- Franchise Data Sheet                   |
|           | Attachment 2- Ownership Interests in Franchise Owner |
|           | Attachment 3- Owners Agreement                       |

|             |                                                             |
|-------------|-------------------------------------------------------------|
|             | Attachment 4-Automated Clearing House Payment Authorization |
|             | Attachment 5-Franchise Disclosure Questionnaire             |
|             | Attachment 6- State Addenda to the Franchise Agreement      |
| Exhibit B   | List of Current and Former Franchisees                      |
| Exhibit C   | Financial Statements                                        |
| Exhibit D   | List of State Administrators/Agents for Service of Process  |
| Exhibit E   | Operations Manual Table of Contents                         |
| Exhibit F   | State Addenda to the Disclosure Document                    |
| Exhibit G-1 | General Release Agreement                                   |
| Exhibit G-2 | System Protection Agreement                                 |
| Exhibit H   | State Effective Dates                                       |
| Exhibit I   | Receipts                                                    |

## **ITEM 1**

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

To simplify the language in this Franchise Disclosure Document, “we,” “us” and “our” means Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching, the Franchisor. “You,” “your” and “Franchisee” means the person who buys the franchise from Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching and its owners if Franchisee is a business entity.

#### The Franchisor and Any Parents, Predecessors, and Affiliates

Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching is a Connecticut limited liability company formed on December 18, 2019. Our principal business address is at 464 Heritage Road, Suite 3, Southbury, Connecticut 06488. We do business under the name Intelligent Leadership Executive Coaching.

We began offering and selling franchises in February 2020.

We have never engaged in any other business other than franchising Intelligent Leadership Executive Coaching Businesses. We have not offered franchises in any other line of business.

We do not have any parent companies. We do not have any predecessors that are required to be disclosed in this Item.

Exhibit D contains our agents for service of process.

Our affiliate, TES Franchising, LLC (“TES”) offers The Entrepreneur’s Source franchise that provides career transition coaching for individuals to help them determine their goals, needs and expectations in their next career then helps them look at possibilities including persons desiring to own their own business. TES shares our principal business address of 464 Heritage Road, Suite 3, Southbury, Connecticut 06488. TES was formed on October 8, 1997. As of December 31, 2021, TES had 133 single unit franchises.

Our affiliate, TES, does not provide products or services to our franchisees.

#### The Franchise We Offer

We offer Franchises that use our “Intelligent Leadership Executive Coaching” trademarks, trade names, service marks and logos (“Marks”) for the operation of an Intelligent Leadership Executive Coaching Business (“ILEC Business”). ILEC Businesses are operated under our proprietary Intelligent Leadership Executive Coaching system (“ILEC System”). The ILEC System may be changed or modified by us throughout your ownership of the Franchise. Each ILEC Business is comprised of a Coach who provides executive business coaching services to individuals and managers, executives and C-level executives at organizations in all industries and a variety of sizes including small, mid-size, global, Fortune 100, entrepreneurial, and startups who are looking to drive results in their current career.

You may purchase a single ILEC Business, 3 ILEC Businesses or 5 ILEC Businesses at one time. Five ILEC Businesses is the maximum number of ILEC Businesses that we will allow you develop at a time. You may operate one (1) ILEC Business for each Franchise Agreement you sign. You may operate

your ILEC Business as an owner/operator or you may contract an individual to manage the direct day-to-day operations of the ILEC Business on a full-time basis (“Principal Operator”).

You may operate your ILEC Business from your home. You may choose to rent commercial office space or an executive suite, but it is not required.

### The Market and Competition

ILEC Businesses service the needs of individuals and organizations in all industries and a variety of sizes including small, mid-size, global, Fortune 100, entrepreneurial, and startups. This is not a seasonal business. The market for the goods and services offered by ILEC Businesses is well developed and competitive. ILEC Businesses compete with other independent, franchised, and other chain operators of business coaching franchises, corporations with internal coaching teams, specialty coaching firms, and professional services firms, as well as independent businesses and individuals who provide consulting and coaching services to the business sector, and/or other business coaching companies.

### Industry Specific Laws and Regulations

Your business may be subject to various federal, state, and local laws and regulations. We are not aware of any industry specific laws or regulations. You should consult with your attorney and local, state, and federal government agencies before buying your Intelligent Leadership Executive Coaching Franchise to determine all legal requirements applicable to you and consider their effects on you and related costs of compliance. It is your sole responsibility, on an ongoing basis, to investigate and satisfy all local, state, and federal laws, since they vary from place to place and can change over time.

## **ITEM 2 BUSINESS EXPERIENCE**

### John Mattone, Co-Founder:

Mr. John Mattone has served as our Co-Founder since December 2019. Mr. Mattone also Co-Founded and serves as CEO of JohnMattonePartners, Inc. d/b/a John Mattone-Global, Inc. since January 2011 in Orlando, FL. Mr. Mattone serves as Managing Member of John Mattone Coach Development Systems, LLC since September 2019 in Orlando, FL. Mr. Mattone also serves as CEO of Intelligent Leadership Online Academy, LLC since April 2020.

### Pete Kusiak, Franchise Business Coach:

Mr. Pete Kusiak joined Intelligent Leadership Executive Coaching as our Franchise Business Coach in August 2021, in Southbury, CT. Prior to joining ILEC, Mr. Kusiak served as General Manager Franchise Operations for the franchise Storm Guard Roofing and Construction from March 2015 to June 2021, in Fort Worth, TX.

### Trevor Maloney, Business Development & Growth Strategist:

Mr. Trevor Maloney has served as our Business Development & Growth Strategist since April 2020. He also served as Chief Development Officer at JohnMattonePartners, Inc. in Orlando, FL from January 2018 to October 2021. From July 2017 to January 2018, Mr. Maloney was Vice President of Business Development for JohnMattonePartners, Inc. in Orlando Florida. From January 2017 to July 2017, Mr. Maloney was a Sales Supervisor for Centerfield Media in Plantation Florida.

Dr. Mike Smith, Performance Coach & Trainer:

Dr. Mike Smith serves as Performance Coach and Trainer. Dr. Mike Smith served as our Performance Improvement Coach & Lead Trainer from April 2020. Dr. Smith also serves as CEO for John Mattone-Global, Inc., since April 2020. From October 2019 to April 2020, Dr. Smith served as President of Kaizen Coaching LLC., in Las Vegas, Nevada. From April 2017 to October 2019, Dr. Smith was CEO & President of Smith Research and Development in Las Vegas, Nevada. From August 2012 through April 2017, Dr. Smith was Corporate Safety Manager of NV Energy, Berkshire Hathaway in Las Vegas, Nevada.

Sheri Winesett: Strategic Brand Champion

Sheri Winesett has served as our Strategic Brand Champion since April 2020. From February 2015 to April 2020, Ms. Winesett served as Growth Strategist, Chief Innovation Officer & Executive Coach for Old Dominion Capital Solutions, Inc. in Roanoke, Virginia.

Terry Powell, CFE, Co-Founder and Managing Member:

Mr. Terry Powell has served as our Co-Founder and Managing Member since December 2019. Mr. Powell is also Founder and serves as Managing Member of TES Franchising, LLC since January 1997 in Southbury, CT. Mr. Powell is also Founder and serves as Managing Member of AdvCoach Franchising, LLC since September 2005 in Southbury, CT.

Cory Denninger, Controller:

Mr. Cory Denninger has served as our controller since December 2019. Mr. Denninger has also served as Controller for TES Franchising, LLC in Southbury CT since January 2011. Mr. Denninger also serves as Controller for Advicoh Franchising, LLC since 2011 in Southbury, Connecticut.

Business Development Strategist: Susan Stilwell

Ms. Stilwell has served as Business Development Strategist and contract Franchise Developer for ILEC since January 2020 in Southbury, CT. Ms. Stilwell has also served as Business Development Strategist for TES Franchising, LLC since November 2005 in Southbury, CT.

Marketing and Engagement Coordinator: Karen Young

Ms. Young joined us as Marketing and Engagement Coordinator in March 2021 in Southbury, CT. Prior to joining us, Ms. Young served as Manager of Franchise Recruitment from March 2014 to April 2017 and Director of Franchise Recruitment from April 2017 to March 2020 for Sport Clips Haircuts, Inc. in Georgetown, TX.

System Licensing Standards Manager: Jessica Pettit

Ms. Pettit joined ILEC as the System Licensing Standards Manager in December 2019, in Southbury, Connecticut. Ms. Pettit has also held this role for affiliate TES Franchising, LLC since November 2015. Previously, Ms. Pettit has served in other roles for TES Franchising, LLC since joining that organization in March 2015, including Cross Department Support Partner and other Management and Support roles.



**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5 INITIAL FEES**

### *Initial Franchise Fee*

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$75,000 when you sign the Franchise Agreement to operate an ILEC Business. All Initial Franchise Fees are uniform, except as provided below:

Veteran’s Discount. We participate in the International Franchise Association VetFran Program. Under this program, honorably discharged veterans of the United States armed forces receive a 15% discount on the Initial Franchise Fee, including on a Multi-Unit Franchise Purchase. You are required to provide us with a copy of your DD214 to receive this discount.

Multi-Unit Franchise Purchase. If you purchase three (3) ILEC Businesses from us at the same time, we discount the initial franchise fee to \$60,000 per franchise. If you purchase five ILEC Businesses from us at the same time, we discount the initial franchise fee to \$55,000 per franchise. You will execute a franchise agreement for each ILEC Business.

### *Training*

After you sign the Franchise Agreement, you will be enrolled in our initial training program which is discussed in Item 11 (“Initial Training”). You will be required to pay us a training fee of \$25,000 (“Training Fee”) for you or the Principal Operator of your first ILEC Business. The Training Fee is due in full at the time you sign the Franchise Agreement.

If you purchase two additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on the additional two ILEC Businesses. If you purchase four additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on all five ILEC Businesses.

### *Additional Funds – Six Months*

This estimates your first six months’ start-up expenses and includes six months of Managed Services and Technology Program and Brand Building Fund fees, office supplies, travel and entertainment, possible payroll, state licensing, business supplies and other possible overhead costs. These funds are estimated to range from \$10,340 to \$11,340 and are paid as they are incurred. We have relied upon our management’s combined experience in the franchise and executive coaching business to compile these estimates, as well as review of current costs for the expenses above. The only portion of these funds that is paid to the franchisor is the cost of Managed Services and Technology, at the rate of \$125 per month/\$750 for 6 months, and the Brand Building Fund fees, at the rate of \$750 per month/\$4500 for 6 months, with the total paid to the franchisor for both services for six months being \$5,250.

### *Refundability of Initial Fees*

All initial fees are fully earned by us when paid and are nonrefundable.

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**ITEM 6  
OTHER FEES**

| Type <sup>(1)</sup>                                       | Amount                             | Due Date                                                   | Remarks                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------|------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Services Fee Share <sup>(2)</sup>                         | 25%                                | As incurred                                                | You are required to pay us a “ <u>Services Fee Share</u> ” which equals 25% of all fees paid by clients for services originated by your ILEC Business (“ <u>Services Fees</u> .”)                                                                                                                                                                                                                                   |
| Brand Building Fund Contribution                          | \$750 per month                    | Deducted the last day of the month for the following month | This contribution will be used for a systemwide “ <u>Brand Building Fund</u> ” for our use in promoting and building the Intelligent Leadership Executive Coaching brand. We reserve the right to make adjustments to this fee upon a (6) months’ notice as needed based on market demands or increased expenses. You will begin paying this fee the last day of the month that you complete your Phase 1 training. |
| Marketing                                                 | Minimum of \$500 per month         | Monthly                                                    | We require you to invest a minimum of \$500 per month on proactive marketing and advertising for your ILEC business. You agree, at your sole cost and expense, to invest in activities and resources such as: digital or printed advertisements, networking events, business development activities, printing of marketing materials, etc. in accordance with advertising programs established by us.               |
| Managed Services and Technology Program Fee (“MST Fee”)   | Currently \$125 per user per month | Deducted the last day of the month for the next month      | This fee may increase or decrease depending on the fees charged by outside vendors and the services provided. You will begin paying this fee the last day of the month that you complete your Phase 1 training.                                                                                                                                                                                                     |
| Intelligent Leadership Certified Executive Coach Training | \$25,000                           | Prior to attending training                                | If you purchase another ILEC Business or hire a Principal Operator to provide coaching services for your ILEC Business, each Principal Operator/Coach must take and successfully pass our Intelligent Leadership Certified Executive Coach training program.                                                                                                                                                        |

| Type <sup>(1)</sup>       | Amount                                                                 | Due Date                                                                                                                                    | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ongoing Training          | Daily Attendance Fee, currently \$770 per day plus any travel expenses | As incurred                                                                                                                                 | Most training programs occur virtually at not additional cost to you. We, however, reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make these training programs mandatory for you and/or designated owners, and/or representatives of yours. |
| Annual Conference Fee     | Currently \$450 or the then-current fee per person                     | Approximately two months prior to the annual conference                                                                                     | You or your Principal Operator (if any) is required to attend this conference every year when scheduled and held. When scheduled and held, this fee is due whether or not you attend our annual conference in any given year. You will also be responsible for all costs associated with you and your personnel attending the annual conference including travel, meal, transportation and personal expenses.                        |
| Additional Assistance Fee | Currently \$770 per day plus any travel expenses                       | Seven days before the requested additional assistance                                                                                       | We may charge you for training additional persons, newly-contracted personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. These fee amounts will depend on the training required and experience level of the trainer.                                                                                                                              |
| Transfer Fee              | \$5,000                                                                | You must pay a non-refundable deposit of \$1,000 when you request an approval of transfer and the remaining when you have received approval | Payable only in connection with the transfer of your ILEC Business, a transfer of ownership of your legal entity, or the Franchise Agreement.                                                                                                                                                                                                                                                                                        |
| Renewal Fee               | \$10,000                                                               | At the time of renewal                                                                                                                      | Payable if you qualify for a renewal of your Franchise and choose to enter into a successor franchise agreement.                                                                                                                                                                                                                                                                                                                     |

| Type <sup>(1)</sup>               | Amount                                                                                                                                                          | Due Date     | Remarks                                                                                                                                                                                                                                                                                         |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Expenses                    | Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses (we estimate this cost to be between \$1,000 and \$12,000) | Upon invoice | Payable if an audit reveals that you understated monthly Gross Revenues by more than two percent (2%) or you fail to submit required reports. Audit fees include all out-of-pocket expenses for conducting the audit, including travel, lodging and meals, attorneys' and/or accountants' fees. |
| Insurance                         | Cost plus a 20% administrative fee                                                                                                                              | On demand    | If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.                                                                                     |
| Late Payment Fee                  | \$100 per occurrence, plus lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law                                    | As incurred  | Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.                                                                                                                                  |
| Insufficient Funds Fee            | \$100 per occurrence or the highest amount allowed by law                                                                                                       | As incurred  | Payable if any check or electronic funds payment ("EFT") is not successful due to insufficient funds, stop payment, or any similar event.                                                                                                                                                       |
| Indemnification                   | Will vary under circumstances                                                                                                                                   | As incurred  | You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Franchise.                                                                                                                                                       |
| Professional Fees and Expenses    | Will vary under circumstances                                                                                                                                   | As incurred  | You must reimburse us for any legal or accounting fees that we incur as a result of any default, breach, or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.          |
| Client Satisfaction Reimbursement | Varies under circumstances                                                                                                                                      | As incurred  | We or the ILEC Executive Team may, in our sole discretion, remedy any issues with customers of your ILEC Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such reimbursements.                                                          |

| Type <sup>(1)</sup>                        | Amount                                                                                                                                                                                                                                                                                                                                                    | Due Date    | Remarks                                                                                                                                                   |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Placement Fees                             | Our cost of the placement or recruiting fees, or similar charges                                                                                                                                                                                                                                                                                          | As incurred | If you transfer your ILEC Business to a third party or purchaser, you must reimburse all of our costs for commissions, finder's fees and similar charges. |
| Mediation                                  | Actual Cost                                                                                                                                                                                                                                                                                                                                               | As incurred | The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees.                   |
| Arbitration                                | One-half of the arbitrator's and administration expenses incurred during the arbitration process; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorneys' fees, accounting fees and arbitrator and administrative expenses                                                                | As incurred |                                                                                                                                                           |
| Future Fees and Future Services Fee Shares | Amount of All Managed Services & Technology Fees and all Brand Building Fees that would be due for the remainder of the term of the FA and a projection of all Services Fee Shares that would be due for the remainder of the FA, in each case, upon either unlawful termination of the franchise by you or termination of the franchise for cause by us. | As incurred |                                                                                                                                                           |

Notes: Unless otherwise noted, we uniformly impose and collect all the fees in this table, you pay them to us, and we do not refund them. Whether fees paid to third parties are refundable would depend on their policies.

1. EFT Authorization. We require you to pay fees and other amounts due to us via EFT or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Agreement as Attachment 4). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.
2. Services Fee Share. Service Fees are required to be paid directly to us by the client through our QuickBooks Payment Platform. In the event a Services Fee is paid directly to you, you must submit the entire Services Fee to us immediately upon receipt. Services Fees are not earned until we have received payment in good funds that clear our bank account. We will transfer the Net Services Fee

to the bank account you assign for your ILEC Business five days following our receipt of cleared Services Fees. The Net Services Fee is the Services Fees originated we receive minus the Services Fee Share.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. SINGLE UNIT FRANCHISE**

| Type of Expenditure                               | Amount    |           | Method of Payment | When Due                                      | To Whom Payment is to be Made |
|---------------------------------------------------|-----------|-----------|-------------------|-----------------------------------------------|-------------------------------|
|                                                   | Low       | High      |                   |                                               |                               |
| Initial Franchise Fee (Note 1)                    | \$75,000  | \$75,000  | Lump sum          | At the time you sign your Franchise Agreement | Us                            |
| Training Fee (Note 2)                             | \$25,000  | \$25,000  | Lump sum          | At the time you sign your Franchise Agreement | Us                            |
| Executive Suite/Office – 6 months (Note 3)        | \$0       | \$2,000   | As incurred       | As incurred                                   | Third Parties                 |
| Travel And Living Expenses (Note 4) <sup>1</sup>  | \$1,500   | \$5,000   | As incurred       | As incurred                                   | Airlines, Hotels, Restaurants |
| Insurance Premiums – Annual (Note 5)              | \$350     | \$750     | As incurred       | Before opening                                | Insurance Company             |
| Equipment (Note 6) <sup>1</sup>                   | \$150     | \$3,000   | As incurred       | Before opening                                | Approved Suppliers            |
| Marketing Aids (Note 7)                           | \$1,000   | \$2,000   | As incurred       | Before opening                                | Approved Suppliers            |
| Additional Funds – 6 Months (Note 8) <sup>1</sup> | \$10,340  | \$11,340  | As incurred       | As incurred                                   | Us and Third parties          |
| TOTAL (Note 9)                                    | \$113,340 | \$124,090 |                   |                                               |                               |



Notes:

All payments to us are non-refundable. Whether payments to third-parties are refundable would depend upon their policies.

1. Initial Franchise Fee. The Initial Franchise Fee is \$75,000. We offer a 15% reduction for an honorably discharged Veteran. We discount the Initial Franchise Fee to \$60,000 per ILEC Business if you purchase three (3) franchises at the same time, and to \$55,000 if you purchase five (5) franchises at the same time. We base the table above on the purchase of one (1) ILEC Business. We do not finance any of the initial investment.
2. Initial Training Fee. The Initial Training Fee is \$25,000. If you purchase two additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on the additional two territories. If you purchase four additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per territory on all five ILEC Businesses.
3. Conference Room Usage – Six Months. You are permitted to work from home and we anticipate that you will do so. We do not require you to obtain office space outside of your home, nor do we recommend that you do so. You may wish to utilize a furnished office space, executive suite, or office with conference room access as needed for the purpose of meeting with clients. We estimate these fees to be between \$50 and \$200 per day depending on the area. We anticipate that you would utilize the space no more than one day a week to meet with clients in person. You may choose to utilize other meeting spaces, such as a chamber of commerce, rotary, or other organization meeting spaces which may be free or less expensive.
4. Travel and Living Expenses. This amount is an estimate for ten days of lodging, airfare, meals, vehicle rental, and incidentals while attending the Phase 1 and Phase 2 portions of training. You must pay your own entire out-of-pocket expenses while attending the training. You are required to travel to Southbury, CT (or location of training event) to attend training. You will incur additional travel and living expenses.
5. Insurance Premiums. This amount is an estimate for your first year of insurance premiums. We provide current insurance specifications in Item 8 below. Your costs may vary.
6. Equipment. This estimate includes an all-in-one copier, printer, and scanner appropriate for a small home office and a laptop. You may use equipment you already own provided it meets our specifications.
7. Initial Marketing. This estimate includes the purchase of such items as business cards, letterhead, fliers, prospect and client brochures, Webinar Software (such as Zoom or software as recommended in the Operations Manual), and Online Calendar Software (such as YouCanBook.Me ,Calendaly or software as recommended in the Operations Manual).
8. Additional Funds-Six Months. This estimates your first six months' start-up expenses and includes six months of Managed Services and Technology Program and Brand Building Fund fees, office supplies, travel and entertainment, possible payroll, state licensing, business supplies and other possible overhead costs. There must be one person who devotes his or her full time to each ILEC Business. This may be you or one of your owners or a Principal Operator that you contract. We have relied upon our management's combined experience in the franchise and executive coaching business to compile these estimates, as well as review of current costs for the expenses above.

9. Figures May Vary. The costs will depend upon such factors as: how much you follow our methods and procedures; your management skills, experience and business acumen; the prevailing wage rate; local economic conditions; the market for our products and services; competition; and the sales levels reached during the initial six month period. You should carefully review these figures with a business advisor before making any decision.

## B. MULTI-UNIT PURCHASE

| Expenditure                                                      | Amount              |                     | Method of Payment     | When Due                                | To Whom Payment is to be Made |
|------------------------------------------------------------------|---------------------|---------------------|-----------------------|-----------------------------------------|-------------------------------|
|                                                                  | Low                 | High                |                       |                                         |                               |
| Initial Franchise Fee (3 or 5 units) (Note 1)                    | \$180,000           | \$275,000           | Lump Sum              | Upon entering into Franchise Agreements | Us                            |
| Initial Training Fee (3 or 5 units) (Note 2)                     | \$40,000            | \$75,000            | Lump Sum              | Upon entering into Franchise Agreements | Us                            |
| Initial Investment for Your Initial Franchised Business (Note 2) | \$38,340            | \$49,000            | See Chart 7(A) above. |                                         |                               |
| <b>TOTAL</b>                                                     | <b>\$258,340.00</b> | <b>\$399,000.00</b> |                       |                                         |                               |

Note 1- The low-end comprises of the initial franchise fee of \$180,000 for three outlets (3 x \$60,000). The high-end comprises of the initial franchise fee of \$275,000 for five outlets (5 x \$55,000).

Note 2- The low-end comprises of the initial training fee paid to us on 2 additional territories (2 x \$20,000 = \$40,000). The high-end comprises of the initial training fee paid to us on 4 additional territories, less the \$5,000 initial training fee reduction on territory 1 that would now apply (4 x \$20,000 = \$80,000; \$80,000 - \$5,000 = \$75,000).

Note 3-The low-end comprises of the low-end estimate from the Item 7.A table, less the \$75,000 initial franchise fee, as it is included in the Initial Franchise Fee in the table above (\$113,340 - \$75,000 = \$38,340). The high-end comprises of the high-end estimate from the Item 7.A table, less the \$75,000 initial franchise fee, as it is included in the Initial Franchise Fee in the table above (\$124,090 - \$75,000 = \$49,090).

The estimates set forth in this Chart 7(B) assume that you will be entering into multiple franchise purchases with us for the right to open and operate three or five Franchised Businesses and the cost of opening the first Franchised Business.

The Initial Franchise Fee ranges from \$180,000 to \$275,000 for three to five territories, as explained in Item 5 above.

Other than the Initial Franchise Fee, these figures do not include the costs associated with opening a second and subsequent locations which will incur additional costs.

## **ITEM 8**

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

#### **The Goods or Services Required to be Purchased or Leased**

##### *Advertising Material.*

You must either use advertising templates which we make available or specify or obtain our approval before placing any advertising.

##### *Computer Hardware and Software.*

You must purchase a laptop and other computer hardware and software that we specify. You must use Quickbooks software as outlined in the Operations Manual.

##### *Conference Room.*

We anticipate that you will operate this franchise from home, but anticipate that you may rent a conference room from time to time to meet with clients. You may choose any conference room that meets our specifications.

##### *Equipment*

You must purchase equipment pursuant to our specifications and you may use equipment you already own provided that it meets our specifications.

##### *Insurance.*

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your ILEC Business is located and must be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. You may, with our written consent, elect to have reasonable deductibles for the coverages described in above. Certificates of insurance must be sent in upon annual expiration date.

Currently we require or recommend at least the following minimum insurance policy coverages for your operation of the Franchised Business:

#### **REQUIRED:**

| Type                                      | Amount                                            |
|-------------------------------------------|---------------------------------------------------|
| Comprehensive General Liability Insurance | \$1,000,000 per occurrence/ \$2,000,000 aggregate |

|                                                                                                                                                              |                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Umbrella                                                                                                                                                     | \$1,000,000 per occurrence / \$3,000,000 aggregate |
| Employer's Liability, Worker's compensation, and other insurance as may be required by the state or locality in which your Business is located and operated. | As required by state law                           |

OPTIONAL:

|                                                      |                              |
|------------------------------------------------------|------------------------------|
| Professional Liability Insurance                     | Consult your insurance agent |
| Additional Comprehensive General Liability Insurance | Consult your insurance agent |
| Business Interruption- 6 months                      | Consult your insurance agent |
| Errors & Omissions Insurance                         | Consult your insurance agent |

*Executive Coaching Training*

You must purchase all training for your coaches from us.

**Whether We or Our Affiliates Are Approved Suppliers**

We are an approved supplier of advertising material, but not the only approved supplier. We are an approved supplier, and the only approved supplier, of the following assessments and reports that you must use as part of your ILEC Business: Strategic-Tactical Leadership Index (STLI), Leader Watch Survey, Mattone Leadership Enneagram Inventory (MLEI), Individual Leadership Development Plan (ILDP) Tool, Core Purpose Statement Tool, Cultural Transformation Readiness Assessment (CTRA) and 5 Cultures of Culture Assessment (5CCA).

**Officer Interests in Suppliers**

Our officers, John Mattone and Terry Powell, own an interest in us.

**Approval of Alternate Suppliers**

If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We do not charge a fee to evaluate the proposed supplier. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier.

We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

### **Specifications**

We issue specifications to franchisees. We issue and modify the specifications by updating the confidential Operations Manual.

### **Revenue from Franchisee Purchases**

We derive revenue from required purchases, including required assessments and reports and required coach training, by franchisees.

During our last fiscal year ending December 31, 2021, we earned \$16,750 from required purchases or leases by franchisees, representing 3.96% of our total revenue of \$422,845.

Franchisor's affiliates do not derive any revenue, rebates or material compensation from required purchases or leases.

### **Required Purchases and Leases as a Proportion of Costs**

We estimate your required purchases and leases pursuant to our specifications or supplier designations will represent approximately 20% of your overall purchases and leases in establishing and operating the Franchised Business.

### **Supplier Payments to Us**

We reserve the right to receive payments from suppliers from required purchases or leases by franchisees.

### **Cooperatives**

We do not have any purchasing or distribution cooperatives.

### **Purchase Arrangements**

We may negotiate purchase price arrangements with suppliers, including price terms, for the benefit of franchisees.

### **Material benefits**

We do not provide material benefits to franchisees based on their use of designated or approved suppliers, however, you must be in compliance with your franchise agreement to renew it and we may terminate your franchise agreement for non-compliance.

## 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 items of this disclosure document.**

| Obligation                                                  | Section in Franchise Agreement                                                                             | Item in Franchise Disclosure Document |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------|
| a. Site selection and acquisition/lease                     | Section 3.1                                                                                                | Items 7, 8 and 11                     |
| b. Pre-opening purchases/leases                             | Section 3                                                                                                  | Items 7, 8, and 11                    |
| c. Site development and other pre-opening requirements      | Sections 3.1 and 3.4                                                                                       | Items 7, 8, and 11                    |
| d. Initial and ongoing training                             | Sections 4.1 and 5.1                                                                                       | Items 5, 6, 7, and 11                 |
| e. Opening                                                  | Section 3                                                                                                  | Items 7 and 11                        |
| f. Fees                                                     | Sections 2.4, 3.2, 4.3, 5, 6, 8.3, 10, 11, 12, 13.2, 14.5, 14.6, 15, 16.1, 17.8, 17.9, 17.10; Attachment 3 | Items 5, 6, 7, 8, and 11              |
| g. Compliance with standards and policies/operations manual | Sections 2.4, 3, 5.2, 5.3, 9, 10, and 16                                                                   | Items 8, 11, and 12                   |
| h. Trademarks and proprietary information                   | Sections 7, 9, 16.2 and 16.3                                                                               | Items 13 and 14                       |
| i. Restrictions on products/services offered                | Sections 10.2 and 10.3                                                                                     | Item 16                               |
| j. Warranty and customer service requirements               | Sections 10.3 and 10.6                                                                                     | None                                  |
| k. Territorial development and sales quotas                 | Section 2.3                                                                                                | Item 12                               |
| l. Ongoing product/service purchases                        | Sections 5.1, 10.2, 10.3 and 10.9,                                                                         | Items 8 and 11                        |
| m. Maintenance, appearance, and remodeling requirements     | Sections 10.1 and 10.5                                                                                     | Items 8 and 11                        |
| n. Insurance                                                | Section 10.8                                                                                               | Items 6, 7, and 8                     |
| o. Advertising                                              | Sections 6.3 and 11                                                                                        | Items 6, 7, and 11                    |
| p. Indemnification                                          | Section 8.3                                                                                                | Items 6 and 13                        |
| q. Owner's participation/ management and staffing           | Sections 2.2, 4.1 and 10.7                                                                                 | Items 11 and 15                       |
| r. Records and reports                                      | Section 12                                                                                                 | Item 6                                |

| Obligation                      | Section in Franchise Agreement     | Item in Franchise Disclosure Document |
|---------------------------------|------------------------------------|---------------------------------------|
| s. Inspections and audits       | Section 13                         | Item 6                                |
| t. Transfer                     | Section 14                         | Items 6 and 17                        |
| u. Renewal                      | Section 2.4                        | Item 17                               |
| v. Post-termination obligations | Section 16                         | Item 17                               |
| w. Non-competition covenants    | Sections 9.3, 14.5, 16.4, and 17.1 | Item 17                               |
| x. Dispute resolution           | Sections 17.8, 17.9, and 17.10     | Item 17                               |
| y. Personal Guaranty            | Attachment 3                       | Item 15                               |

## **ITEM 10 FINANCING**

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

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

**Except as listed below, Intelligent Leadership Executive Coaching is not required to provide you with any assistance.**

### Pre-Opening Obligations

Before you open your Intelligent Leadership Executive Coaching Franchise, we (or our affiliates or designees) will provide the following assistance and services to you:

1. Because you do not have to locate a site from which to operate your ILEC Business, we do not provide you with assistance in doing so. You may open an office, but it is not required. You will not need our approval in selecting the site of your office if you choose to open one. (Franchise Agreement – Section 2.3).
2. Enroll you in our Pre-On-Site Course Work, Phase 1 Training, and Intelligent Leadership Certified Executive Coach training programs and provide you with on-site and virtual education programs (Franchise Agreement – Sections 3.1 and 4.3).
3. Provide specifications for equipment, inventory, products, materials, supplies and services required to operate your ILEC Business (Franchise Agreement – Sections 3.1, 3.2, 3.3, and 5.1).
4. Grant you online access to the Operations Manual. (Franchise Agreement – Section 5.2).

### *Schedule for Opening*

You are required to begin set up of your ILEC Business within four (4) business days of your signing the Franchise Agreement. Within four (4) business days of signing of the Franchise Agreement, you will be enrolled in Initial Training and granted access to our technology systems which includes access to technologies for marketing and offering goods and services. Franchisees typically attend and complete the Pre-On-Site Course Work and Phase 1 portions of Initial Training within 30-60 days of signing their Franchise Agreement. You must complete your Pre-On-Site Course Work and the Phase 1 Training prior to opening your ILEC Business. You will be a certified as an ILEC coach and open for business after your Phase 1 Training. After the Phase 1 Training, you will complete Phase 2 Training within 90-120 days, to complete your full Initial Training. Opening must occur within 90 days of signing your Franchise Agreement and payment of the Initial Franchise Fee. Should it take more than ninety (90) days, no termination action will be taken, so long as you can provide evidence that action is underway. If no action is being taken to open the ILEC Business, we may terminate the Franchise Agreement and retain the entire Initial Franchise Fee. Some factors which may affect this timing are your ability to secure any necessary financing, your ability to obtain any necessary permits and certifications, the time to complete required



training, the timing of the delivery of any inventory or equipment, and hiring and training of your staff. Please note that each ILEC Business you purchase permits you to have only one Coach, who shall be the Principal Operator. (Franchise Agreement – Sections 3.1 and 3.4).

### Continuing Obligations

During the operation of your ILEC Business, we (or our affiliates or designees) will provide the following assistance and services to you:

1. Provide advice regarding your ILEC Business operations. Advice will be given during our regular business hours and through written materials, electronic methods, telephone, or other methods in our discretion (Franchise Agreement – Sections 5.1, 5.2, 9.1 and 10).
2. Provide you with advice and guidance on business development, advertising and marketing (Franchise Agreement – Sections 6.3, 9.1, and 11).
3. Allow you to continue to use confidential materials, including the Operations Manual and the Marks (Franchise Agreement – Sections 5.1, 5.2, 9.1 and 10).
4. Provide additional training, refresher training courses, and additional training or assistance that, in our discretion, you need or request. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling and supervising your employees and independent contractors in the day-to-day operations of the Business. You may be required to pay additional fees for this training or assistance (Franchise Agreement – Section 4.3). Anyone who does not attend the annual conference is required to complete all training programs in the manner we designate.

### Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic assessments of the ILEC Business for the purpose of assisting in all aspects of the operation and management of the ILEC Business, prepare written reports concerning these assessments outlining any suggested changes or improvements in the operation of the ILEC Business, and detailing any problems in the operations which become evident as a result of any visit. If the assistance is provided at your request, you may be required to reimburse our expenses and pay our then-current training charges.
3. Hold periodic national or regional conferences, including an annual conference, to discuss business and operational issues affecting ILEC Business franchisees.

## Advertising

### *Brand Building Fund*

We have established a Brand Building Fund to assist in activities on behalf of all Franchisees. Examples of activities may include: Business development efforts, national and local PR and brand awareness and social media automation, in addition for the purpose of promoting the marks and the system. This list is not all inclusive and may be amended at any time by the Franchisor based on current initiatives by the marketing department. You are required to pay a Brand Building Investment of \$750 per month. We reserve the right to adjust this fee upon a ninety (90) days' notice as needed based on market demands or increased expenses. It will not be increased to more than \$950. Your contribution to the Brand Building Fund will be in addition to all other advertising requirements set out in this Item 11.

Each franchisee will be required to contribute to the Brand Building Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Franchisor-owned outlets may, but are not required, to contribute to the Brand Building Fund on the same basis as franchisees.

The Brand Building Fund will be administered by us, or one of our affiliates or designees, in our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account, or savings account.

We have complete discretion on how the Brand Building Fund will be utilized. We may reimburse ourselves, our authorized representatives, or our affiliate(s) from the Brand Building Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Building Fund. Advertising may be placed in local, regional, national, or international media of our choice, including, but not limited to, print, direct mail, radio, television, or Internet, including digital advertisements, social media, blogging automation. We may also use the Brand Building Fund to conduct research and develop marketing strategies.

We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

We will not use the Brand Building Investments for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Building Fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct, or administer the Brand Building Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable.

The Brand Building Fund is not audited. Because this fund will not be audited, audited financial statements will not be available to franchisees. We will provide an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year upon written request.

During our most recent fiscal year ended December 31, 2021 the Brand Building Fund was spent as follows: 35.7% on production, 40.1% on media placement, and 24.2% on administrative expenses. No advertising funds were used to solicit new franchise sales.

### *Marketing*

We require you to invest a minimum of \$500 per month on proactive marketing and advertising for your ILEC Business (“Marketing Requirement”). You agree, at your sole cost and expense, to invest in activities and resources such as: digital or printed advertisements, networking events, business development activities, printing of marketing materials, etc.

### *Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing*

You may be required to order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. If our written approval is not received within 30 days from the date we receive the requested information, the request will be deemed as not approved. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval.

We have established a main Intelligent Leadership Executive Coaching website for ILEC Businesses (“ILEC Website”) and Intelligent Leadership Executive Coaching microsites for each franchisee. Your microsite will include information relating to your specific business and select content that we provide from our ILEC Website. Your page will also showcase Intelligent Leadership Executive Coaching products and services. We reserve the right to change the requirements relating to your microsite at any time. We intend any franchisee website be accessed only through our microsite. Your monthly MST Fee includes website maintenance fees to the supplier that provides website maintenance services.

You may not conduct marketing activities outside of your designated territory. We may allow you to market your ILEC Business through social media sites so long as you follow our online policies and procedures, which are contained in the Operations Manual. Our online policies and procedures may change as technology and the Internet changes. Under our online policies and procedures, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We may require you to allow us access to your social media pages to manage content. In all social media activities, you must identify yourself as an independently owned and operated franchisee.

We have right to use the Brand Building Fund to develop, maintain, and update the ILEC Website. We may update and modify the ILEC Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the ILEC Website. We may implement and periodically modify System standards relating to the ILEC Website. We are only required to reference your ILEC Business on the ILEC Website/microsite while you are in full compliance with your Franchise Agreement and all System standards. If you are in default of any obligation under the Franchise Agreement or System standards, then we may temporarily remove references to your ILEC Business from the ILEC Website/microsites until you fully cure the subject default(s).

### Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policy but reserve the right to form one in the future.

### Advertising Cooperative

You are not required to participate in a local or regional advertising cooperative.

### Computer System

You are required to have an updated laptop (manufactured within the past three years) for your ILEC Business. This laptop may be one that you already own. You are not required to have a specific brand of laptop. You must also have the following software programs: QuickBooks; Microsoft Office suite; Zoom (or other Webinar Software as specified in the Operations Manual) and antivirus software. We estimate that the cost to purchase the computer system will be between \$800 and \$1,500, depending on the computer you purchase.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You must maintain your computer systems in good working order and must replace, upgrade, or update your computer systems as we require. There are no contractual limitations regarding the frequency or costs of required upgrades or updates relating to the computer system. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is approximately \$500 - \$1,000 per year.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system and to collect and use your electronic information and data in any manner we promote developing the System and the sale of Franchises. This may include posting financial information of each ILEC Business franchisee on an intranet website or using this data in our Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system (Franchise Agreement – Section 12).

### Operations Manual

Exhibit E contains the table of contents to the Operations Manual. The Operations Manual is interactive and totals approximately 375 pages, plus attachments.

### Training

Initial Training consists of Pre-On-Site Course Work, Phase 1 Training, Phase 2 Training, and Intelligent Leadership Certified Executive Coach Training. You will immediately (within four business days of signing the Franchise Agreement) start the Pre-On-Site Course Work. Franchisees typically attend and complete the Phase 1 training within 30-60 days of signing their Franchise Agreement. You will be a certified as an ILEC coach and open for business after your Phase 1 Training. After the Phase 1 Training, you will complete Phase 2 Training within 90-120 days, to complete your full Initial Training. You will complete Intelligent Leadership Certified Executive Coach training. You must complete Initial Training within 7 months of the Effective Date.

You will be required to pay us the Training Fee of \$25,000 for you or your Principal Operator. The Training Fee is due in full at the time you sign the Franchise Agreement and is deemed fully earned by us once paid and is non-refundable. When attending on-site classes, you must pay for your own meals, travel, and lodging expenses, and any miscellaneous expenses of travel.

If you purchase two additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on the additional two ILEC Businesses. If you purchase four additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on all five ILEC Businesses.

Notwithstanding anything else in this disclosure document, you are allowed only one Coach, who shall be the Principal Operator for each ILEC Business. For the purpose of clarity, each ILEC Business you purchase permits you to have only one Coach, who shall be the Principal Operator.

You (or your Principal Operator, if applicable) must participate and successfully complete our training program to our satisfaction and successfully complete all curricula throughout the term of your Franchise Agreement.

## TRAINING PROGRAM

### Intelligent Leadership Certified Executive Coaching Coach Training Program - On-Site & Virtual Events

| Intelligent Leadership Executive Coaching (ILEC) Training Topics             | Hours Classroom Training | Hours On-The-Job Training | Location      |
|------------------------------------------------------------------------------|--------------------------|---------------------------|---------------|
| <b>Pre-On-Site Course Work</b>                                               |                          |                           |               |
| Initial Onboarding & Pretraining<br>(Assignments prior to Phase 1 Training)  | 0                        | 40                        | Virtual       |
| <b>Phase 1 – On-Site<sup>1</sup> Training</b>                                |                          |                           |               |
| Welcome/Introduction                                                         | 2                        | 0                         | Southbury, CT |
| Business Ownership and Coaching Mindset                                      | 3                        | 3                         | Southbury, CT |
| Marketing: Playbook, Social Media                                            | 4                        | 15                        | Southbury, CT |
| Cultivation: Communicate to Cultivate,<br>Prospective Clients, Opportunities | 12                       | 5                         | Southbury, CT |
| Speaking and Presenting Skills                                               | 2                        | 2                         | Southbury, CT |
| CRM Training                                                                 | 2                        | 2                         | Southbury, CT |
| Assessments                                                                  | 4                        | 3                         | Southbury, CT |
| Coaching: Pillars & Methodology                                              | 5                        | 5                         | Southbury, CT |
| Training: Leadership & Culture                                               | 6                        | 5                         | Southbury, CT |
| <b>Phase 2 – On-Site<sup>1</sup> Training</b>                                |                          |                           |               |

|                                                                         |            |             |               |
|-------------------------------------------------------------------------|------------|-------------|---------------|
| Welcome/Intro/Expectations                                              | 2          | 0           | Southbury, CT |
| 90-Day Plan Review - Successes and Opportunities                        | 3          | 2           | Southbury, CT |
| Marketing & Operations Review                                           | 4          | 2           | Southbury, CT |
| Cultivation: Prospect and Opportunity Review & CCS and Agreement review | 8          | 6           | Southbury, CT |
| Coaching Skills, Leaderwatch & Continued Contract                       | 16         | 10          | Southbury, CT |
| 90-Day Success Plan                                                     | 7          | 5           | Southbury, CT |
| <b>Ongoing Virtual Training</b>                                         |            |             |               |
| IL Workshops and Retreats                                               | Ongoing    | Ongoing     | Virtual       |
| Culture, Culture Assessment Training                                    | Ongoing    | Ongoing     | Virtual       |
| Sales, Marketing and Client Services                                    | Ongoing    | Ongoing     | Virtual       |
| <b>Total</b>                                                            | <b>80+</b> | <b>105+</b> |               |

\*Note 1- If it is not possible to conduct live training, we will then conduct training virtually.

### **Intelligent Leadership Certified Executive Coach Training**

The Phase I Training is held approximately every 60-90 days in Southbury, CT. You will be a certified as an ILEC coach and open for business after your Phase 1 Training. You will complete Phase 2 Training within 90-120 days, to complete your full 10-Day Training. Our virtual curriculum can be accessed through our online Operations Manual and is made available to you 24/7. You are enrolled in our Online Training Center within 48 hours of becoming a franchisee and will begin the Pre-On-Site Course Work immediately upon enrollment.

Curriculum materials are a combination of PowerPoint presentations, our software, and the Operations Manual.

Sheri Winesett, Trevor Maloney, Pete Kusiak, and other certified John Mattone Intelligent Leadership Trainers, as needed, teach our initial training program.

Trevor Maloney has served as our Business Development & Growth Strategist since April of 2020. Mr. Maloney has 5 years of experience in the field of executive coaching and 2 years of experience with us.

Pete Kusiak has served as our Franchise Business Coach since August 2021, in Southbury, CT. Mr. Kusiak has 6 years of experience in the field of Training for a franchise system and 6 months of experience with us.

Sheri Winesett has served as our Strategic Brand Champion since April of 2020. Ms. Winesett has 7 years of experience in the field of executive coaching and 2 years of experience with us.

In addition to our instructors, a team of people designated by us, who may include active franchisees, as well

as support staff, all of whom have a minimum of one year of industry experience, assist our instructors.

Franchisees will become John Mattone Intelligent Leadership Master Certified coaches within 10 days of completing the required coursework as outlined in the Operations Manual.

### *Ongoing Training*

We may require that you complete additional training or refresher programs at either our corporate headquarters in Southbury, Connecticut, Orlando, Florida, or at your ILEC Business location. Training topics may include additional courses or other coaching training. Most training programs occur virtually at no additional cost to you. We, however, reserve the right to offer and hold such additional ongoing training programs and franchise owners' meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. You will be required to pay the additional assistance fee for refresher programs that takes place on-site at our corporate headquarters, Orlando, Florida, or at your Intelligent Leadership Executive Coaching Franchise, which is currently \$770 a day plus expenses. We also reserve the right to make these training programs mandatory for you and/or designated owners, and/or representatives of yours.

When scheduled and held, we require you to attend an annual franchisee conference and pay a conference fee, currently \$450.

If you request or require any additional training support or services from us in addition to that which we ordinarily provide to our franchisees, you must pay the additional assistance fees for such additional support or services, which is currently \$770 a day plus expenses

You must attend and participate in a minimum of 75% of our annual ongoing training, educational programs and system updates offered by us.

## **ITEM 12 TERRITORY**

The franchise is not for a specific location or location to be approved by us; however, the location must be located within your assigned state ("Territory"). We generally will not place more than one ILEC Business per 250,000 population per state. ("Territory Policy").

Because the ILEC Business is primarily operated virtually, the ILEC Franchise is a non-exclusive license only, and does not grant you any exclusive area or territory rights. Franchisees are not prohibited from seeking customers in any geographic area provided they follow the policies and procedures in our Operations Manual, which may be modified over the term of your Franchise Agreement. You may not conduct marketing activities outside of your designated territory unless you receive prior written approval from us.

You will not receive any minimum territory. You are permitted to work from home, and we anticipate that you will do so. We do not require you to obtain office space outside of your home, nor do we recommend that you do so.

If you desire to relocate your ILEC Business during the term of your Franchise Agreement with us, you must make a request in writing to us. We will approve or disapprove based on a number of factors, including but not limited to, our ability to place ILEC Businesses into the requested location, our plans for

development into the requested location, and other business considerations that we, in our sole discretion, consider relevant to the question of relocation.

You do not obtain any options, rights of first refusal, or similar rights to acquire additional franchises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If your marketing efforts interfere with existing franchisees, we may restrict direct marketing, and direct mail marketing activities to certain potential customers located in areas defined by designated postal zip codes.

We reserve the right to use all channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing sales, as well as television and radio advertising to make sales within the Territory using our Marks. We also reserve the right to manage and service company-owned client contracts; offer, grant, and support other ILEC Businesses; both within the Territory and elsewhere. We will not pay you compensation for soliciting or accepting orders inside the Territory. We do not represent or warrant to you that you will have any right to participate in these business activities, whether as a franchisee or otherwise. Our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing sales, as well as television and radio advertising to make sales within the Territory using trademarks different from the ones you use under the franchise agreement.

We do not currently have plans to operate or franchise a business under a different trademark that sells or will sell services similar to those that you will offer.

### **ITEM 13 TRADEMARKS**

The Franchise Agreement licenses to you the right to use the following trademarks, service marks and logos registered with the U.S. Patent and Trademark Office (“USPTO”) or based on common law rights, as applicable (collectively, hereinafter, the “Marks”): - consider new Marks from FDD replies

| Description of Mark                                                                                                                                                     | Serial/Registration No. | Registration Date                          | Principal or Supplemental Register of the USPTO |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------|-------------------------------------------------|
|  <b>INTELLIGENT LEADERSHIP<br/>EXECUTIVE COACHING</b><br>Decades of Coaching Success | 90/160,259              | Pending<br>(filed<br>September<br>4, 2020) | Principal                                       |



|                                                                                   |            |                                  |           |
|-----------------------------------------------------------------------------------|------------|----------------------------------|-----------|
| Intelligent Leadership                                                            | 6,083,369  | June 23, 2020                    | Principal |
| JOHN MATTONE                                                                      | 5,949,768  | December 31, 2019                | Principal |
|  | 5,994,680  | February 25, 2020                | Principal |
| 5 Cultures of Culture Assessment (5CCA)                                           | 88/81,6936 | Pending (filed March 2, 2020)    | Principal |
| LeaderWatch                                                                       | 88/81,7233 | Pending (filed March 2, 2020)    | Principal |
| Strategic-Tactical Leadership Index-360 (STLI-360)                                | 88/816,798 | Pending (filed March 2, 2020)    | Principal |
| Mattone Leadership Enncagram Inventory (MLEI)                                     | 88/816,710 | Pending (filed on March 2, 2020) | Principal |

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits and renewals have been filed for the registered Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There are no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

John Mattone Partners, Inc. owns the trademark listed in the chart above and licenses them to us pursuant to a written License Agreement dated October 15, 2019. The License Agreement is perpetual in duration and may be terminated upon a material breach not remedied within 60 days' written notice or upon

termination of if our Consulting Agreement with John Mattone is terminated. If the License Agreement was terminated, the License Agreement grants perpetual rights to the Marks to any current ILEC franchisee. There are no other currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

If we discontinue or modify our Marks, you must adopt and use any new marks as required by us. Any expenses you incur because of adopting and using these marks are your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

## **ITEM 14**

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

We do not own any rights in or licenses to any patents or patents pending that are material to the ILEC Business. The information in the Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your ILEC Business, but such copyrights remain our sole property.

There are no current material determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works. Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of ILEC Business Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of ILEC Business Franchises, and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement or Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets and use nondisclosure agreements with those having access to Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your ILEC Business Franchise, during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The

Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other ILEC Business Franchises during the term of the Franchise Agreement.

You must notify us within three (3) days after you learn about another's use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or Trade Secrets.

#### **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not required to participate personally in the direct operation of the ILEC Business; however, you are responsible for ensuring all obligations under the Franchise Agreement are met, including the obligation for the ILEC Business to operate full time. If you are other than an individual, then at least one Principal Owner, member, officer, or employee approved by us must manage the direct day-to-day operations of the ILEC Business ("Principal Operator"). Your Principal Operator (if any) must operate the ILEC Business on a full time basis. The Principal Operator may be you or someone you designate. The Principal Operator is not required to have an equity interest in the Franchised Business. The franchisee and Principal Operator must be approved by us and successfully complete all Initial Training to our satisfaction.

All Key Individuals (the term "Key Individuals" is defined as Principal Owners, their spouses, your officers, directors, Principal Operators, and independent contractors or employees who have had access to the Confidential Information) must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document as Exhibit G-2. If you are an entity, each owner (i.e., each person holding an ownership interest in you) of more than ten percent (10%) ownership interest must sign an owner's agreement, the form of which is attached to the Franchise Agreement as Attachment 3.

#### **ITEM 16**

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

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you. If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

We reserve the right to designate additional required services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. We will have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs.

At present, you may offer your services to any customer worldwide.

## **ITEM 17**

### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP**

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

| Provision                                         | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the Franchise term                   | Section 2.1                    | Ten (10) years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| b. Renewal or extension of the term               | Section 2.4                    | If you are in good standing, you may renew for one (1) additional ten (10) year period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| c. Requirements for Franchisee to renew or extend | Section 2.4                    | Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must: provide us at least 12 but not more than 18 months advance written notice prior to the end of the term; correct any deficiencies in the operation of your ILEC Business identified in our written notice to you before expiration; sign our then-current franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, for example, those concerning fees and territorial rights) from the Franchise |

| Provision                                  | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                            |                                | Agreement that covered your initial term; pay a renewal fee; and sign a general release of any and all claims against us, our officers, directors, employees, and agents.                                                                                                                                 |
| d. Termination by Franchisee               | Section 2, 14, 15              | You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach and we fail to cure that breach within 30 days of receiving written notice. You may also terminate by not renewing or by selling the franchise pursuant to the Terms of the Franchise Agreement. |
| e. Termination by franchisor without cause | No provision                   | Not applicable.                                                                                                                                                                                                                                                                                           |
| f. Termination by franchisor with cause    | Section 15                     | We can terminate upon certain violations of the Franchise Agreement by you.                                                                                                                                                                                                                               |
| g. “Cause” defined – curable defaults      | Section 15                     | You have ten (10) days to cure monetary defaults. You have 30 days to cure the default of any other provision of the Franchise Agreement or specification, standard, or operating procedure.                                                                                                              |
| h. “Cause” defined – non-curable defaults  | Section 15                     | Subject to applicable state law, non-curable defaults; conviction of felony or crime involving dishonesty; repeated defaults, even if cured; abandonment; trademark misuse; under-reporting of Gross Revenue; and unapproved transfers.                                                                   |

| Provision                                              | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. Franchisee's obligations on termination/non-renewal | Section 16                     | Obligations include payment of all amounts due, refraining from using our Marks, returning to us or destroying (as we specify) all customer lists, forms, and materials bearing our Marks or concerning the ILEC Business, complete de-identification, return of the Operations Manual, all confidential information, and trade secrets, and abiding by the post-term non-compete provisions in the Franchise Agreement. In addition, you agree to pay us, within 30 days after notification by us, the amount of All Managed Services & Technology Fees and all Brand Building Fees that would be due for the remainder of the term of the FA and our projection of all Services Fee Shares that would be due for the remainder of the FA, in each case, upon either unlawful termination of the franchise by you or termination of the franchise for cause by us. |
| j. Assignment of contract by franchisor                | Section 14.3                   | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| k. "Transfer" by Franchisee – defined                  | Section 14                     | Transfer includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or any interest in the Franchise.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| l. Franchisor approval of transfer by Franchisee       | Section 14.4                   | We have the right to approve all transfers; any transfer to immediate relatives (parents, children, siblings) is automatically approved with no transfer fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| Provision                                                                 | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| m. Conditions for franchisor approval of transfer by Franchisee           | Section 14.5                   | New owner must have sufficient business experience, aptitude, and financial resources to operate the ILEC Franchise, as determined by the sole discretion of the franchisor; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our training programs; you must pay us a transfer fee; you and your principal owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees, and agents; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new franchise agreement using our then-current form; you and your Principal Owners (or, in the case of Principal Owners making any such Transfer, those Principal Owners) must execute a non-competition agreement in favor of both TES Franchising and the Proposed New Owner no less restrictive than provision in Section 16.4. We also may approve the material terms of the transfer and require that you subordinate any installment payments to the new owners' obligation to pay us. |
| n. Franchisor's right of first refusal to acquire Franchisee's business   | Section 14.6                   | We have 30 days to match any offer for your ILEC Business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| o. Franchisor's option to purchase Franchisee's business                  | Section 16.5                   | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| p. Death or disability of Franchisee                                      | Section 14.7                   | The Franchise Agreement must be transferred or assigned to a qualified party within 6 months of the death or disability of all owners, or the Franchise Agreement may be terminated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| q. Non-competition covenants during the term of the Franchise             | Section 9.3                    | You may not offer the same or similar products or services as your ILEC Business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| r. Non-competition covenants after the Franchise is terminated or expires | Section 16.4                   | No competing business for two (2) years within 50 miles of your ILEC Franchise, any ILEC Business or any company owned business (including after assignment or transfer).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Provision                                         | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| s. Modification of the Franchise Agreement        | Section 20                     | No modifications to Franchise Agreement during the term unless agreed to in writing, but the Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.                                                                                                        |
| t. Integration/merger clause                      | Section 20                     | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | Section 17.9 and 17.10         | Except for certain claims, all disputes must be mediated and arbitrated in the county where we maintain our principal place of business (currently, Southbury, Connecticut), subject to applicable state law.                                                                                                     |
| v. Choice of forum                                | Section 17.13                  | All arbitration and litigation must be in the county where we maintain our principal place of business (currently, Southbury, Connecticut), subject to applicable state law.                                                                                                                                      |
| w. Choice of law                                  | Section 17.13                  | Except as may be governed by federal law, Connecticut law applies (subject to applicable state law).                                                                                                                                                                                                              |

## ITEM 18 PUBLIC FIGURES

Mr. Mattone has licensed us the right to use his name in promoting the sale of our franchise in exchange for 35% membership ownership in us. (See Item 13) Mr. John Mattone serves as our Co-Founder and is responsible for the onboarding and training of ILEC Franchisees. Mr. Mattone has not made a monetary investment in us.

Other than as described, we do not use any public figures to promote our Franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS



The FTC's Franchise Rule permits a franchisor to disclose 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jessica Pettit, 464 Heritage Road, Suite 3., Southbury, CT 06488, 203-405-2120, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1  
Systemwide Outlet Summary  
For years 2019 to 2021

| Outlet Type   | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------|
| Franchised    | 2019 | 0                                | 0                              | 0          |
|               | 2020 | 0                                | 9                              | +9         |
|               | 2021 | 9                                | 15                             | +6         |
| Company-Owned | 2019 | 0                                | 0                              | 0          |
|               | 2020 | 0                                | 0                              | 0          |
|               | 2021 | 0                                | 0                              | 0          |
| Total Outlets | 2019 | 0                                | 0                              | 0          |
|               | 2020 | 0                                | 9                              | +9         |
|               | 2021 | 9                                | 16                             | +7         |

Table No. 2  
Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor)  
For years 2018 to 2020

| State      | Year | Number of Transfers |
|------------|------|---------------------|
| All States | 2019 | 0                   |
|            | 2020 | 0                   |
|            | 2021 | 0                   |
| Totals     | 2019 | 0                   |
|            | 2020 | 0                   |
|            | 2021 | 0                   |

Table No. 3  
Status of Franchised Outlets  
For years 2019 to 2021

| State      | Year | Outlets at Start of the Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of the Year |
|------------|------|------------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|----------------------------|
| California | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Georgia    | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Illinois   | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2021 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| Michigan   | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2021 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| Minnesota  | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Ohio       | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 0              | 0            | 0            | 0                        | 0                               | 1                          |
| Tennessee  | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 3              | 0            | 0            | 0                        | 0                               | 3                          |
|            | 2021 | 3                            | 0              | 0            | 0            | 0                        | 0                               | 3                          |
| Texas      | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2021 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| Utah       | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 1              | 0            | 0            | 0                        | 0                               | 2                          |
| Virginia   | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
|            | 2021 | 1                            | 2              | 0            | 0            | 0                        | 0                               | 3                          |
| Washington | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2021 | 0                            | 1              | 0            | 0            | 0                        | 0                               | 1                          |
| Total      | 2019 | 0                            | 0              | 0            | 0            | 0                        | 0                               | 0                          |
|            | 2020 | 0                            | 9              | 0            | 0            | 0                        | 0                               | 9                          |
|            | 2021 | 9                            | 7              | 0            | 0            | 0                        | 0                               | 16                         |

Table No. 4  
Status of Company-Owned Outlets  
For years 2019 to 2021

| State      | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|------------|------|------------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| All States | 2019 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|            | 2020 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|            | 2021 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
| Totals     | 2019 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|            | 2020 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |
|            | 2021 | 0                            | 0              | 0                                  | 0              | 0                          | 0                          |

Table No. 5  
Projected Openings as of December 31, 2021

| State          | Franchise Agreements Signed But Outlet Not Open | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|-------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Arizona        | 0                                               | 1                                                        | 0                                                           |
| California     | 0                                               | 1                                                        | 0                                                           |
| Florida        | 0                                               | 1                                                        | 0                                                           |
| Georgia        | 0                                               | 1                                                        | 0                                                           |
| Illinois       | 0                                               | 1                                                        | 0                                                           |
| Michigan       | 0                                               | 1                                                        | 0                                                           |
| Minnesota      | 0                                               | 1                                                        | 0                                                           |
| Missouri       | 0                                               | 1                                                        | 0                                                           |
| Nevada         | 0                                               | 1                                                        | 0                                                           |
| New Jersey     | 0                                               | 1                                                        | 0                                                           |
| New Mexico     | 0                                               | 1                                                        | 0                                                           |
| New York       | 0                                               | 1                                                        | 0                                                           |
| North Carolina | 0                                               | 1                                                        | 0                                                           |
| Pennsylvania   | 0                                               | 1                                                        | 0                                                           |
| South Carolina | 0                                               | 1                                                        | 0                                                           |
| Tennessee      | 0                                               | 1                                                        | 0                                                           |
| Texas          | 0                                               | 1                                                        | 0                                                           |
| Virginia       | 0                                               | 1                                                        | 0                                                           |
| Washington     | 0                                               | 1                                                        | 0                                                           |
| TOTALS         | 0                                               | 19                                                       | 0                                                           |

Exhibit B contains the names, addresses, and telephone numbers of our current franchisees.

Exhibit B also contains the name, last known address, and telephone number of every franchisee who has had a franchise a Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during our last fiscal year, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document. If you buy a Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

During the last three (3) fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit C contains our audited financial statements for our fiscal years ending December 31, 2021, 2020, and 2019.

## **ITEM 22 CONTRACTS**

The following exhibits contain proposed agreements regarding the Franchise:

|             |                                                             |
|-------------|-------------------------------------------------------------|
| Exhibit A   | Franchise Agreement                                         |
|             | Attachment 1- Franchise Data Sheet                          |
|             | Attachment 2- Ownership Interests in Franchise Owner        |
|             | Attachment 3- Owners Agreement                              |
|             | Attachment 4-Automated Clearing House Payment Authorization |
|             | Attachment 5-Franchise Disclosure Questionnaire             |
|             | Attachment 6- State Addenda to the Franchise Agreement      |
| Exhibit G-1 | General Release Agreement                                   |
| Exhibit G-2 | System Protection Agreement                                 |

## **ITEM 23 RECEIPTS**

Exhibit I contains two copies of a Receipt of this Disclosure Document.

**EXHIBIT A**

**FRANCHISE AGREEMENT**

# **INTELLIGENT LEADERSHIP EXECUTIVE COACHING**

## **FRANCHISE AGREEMENT**



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### ATTACHMENTS:

|              |   |                                                |
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| Attachment 1 | - | Franchise Data Sheet                           |
| Attachment 2 | - | Ownership Interests in Franchise Owner         |
| Attachment 3 | - | Owners Agreement                               |
| Attachment 4 |   | Automated Clearing House Payment Authorization |
| Attachment 5 |   | Franchise Disclosure Questionnaire             |
| Attachment 6 |   | State Addenda to the Franchise Agreement       |

## **INTELLIGENT LEADERSHIP EXECUTIVE COACHING FRANCHISE AGREEMENT**

This Franchise Agreement (this “Franchise Agreement”) is being entered as of the date listed on Attachment 1 to this Franchise Agreement (“Effective Date”). The parties to this Franchise Agreement are Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching (ILEC), a Connecticut limited liability company (“we,” “us,” “our,” or “Performance Enhancement Franchising LLC”), and the franchisee listed on Attachment 1 to this Franchise Agreement (“you,” “your,” or “Franchisee”). If you sign this Franchise Agreement as a corporation, partnership, limited liability company, or other legal entity (an “Entity”) you will be bound by certain additional terms and conditions of the Franchise Agreement, as further discussed below.

### **1. INTRODUCTION.**

This Franchise Agreement includes several attachments, each of which are legally binding and are a part of the complete Franchise Agreement, including an “Owners Agreement” which is attached to this Franchise Agreement as Attachment 3 (the “Owners Agreement”). If you are an Entity, each individual owner (i.e. each natural person holding a direct or indirect ownership interest greater than 5% in you) must sign the Owners Agreement. Certain provisions in this Franchise Agreement also refer, and may be applicable, to Principal Owners. “Principal Owners” means those principal shareholders, partners or members upon whose business skill, financial capability and personal character we may rely in the case Franchisee is an Entity.

We and our affiliates have devised a system “System”) for the establishment and operation of an Intelligent Leadership Executive Coaching Business model that specializes in providing executive business coaching services, by a coach, to individuals and organizations in all industries and a variety of sizes including small, mid-size, global, Fortune 100, entrepreneurial, and startups. The Intelligent Leadership Executive Coaching franchises will compete with other business coaching franchises, corporations with internal coaching teams, specialty coaching firms, and professional services firms.. This business model includes individual businesses offering all of our franchised services and products (each, individually, an “ILEC Business,” and collectively, the “ILEC Businesses” or “Intelligent Leadership Executive Coaching Business”). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the mark “Intelligent Leadership Executive Coaching” and certain associated designs, artwork and logos, which we may change or add to from time to time (the “Marks”).

This Franchise Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and operate an ILEC Business (we refer to your ILEC Business in this Franchise Agreement as the “Franchise” or “ILEC Business”). In signing this Franchise Agreement, you acknowledge you have conducted an independent investigation of the ILEC Business, and recognize that, like any other businesses, the nature of it may evolve and change over time, that an investment in an ILEC Business involves business risks, and that the success of this Franchise is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Franchise, except as may be provided in Item 19 of our Franchise Disclosure Document (“FDD”). You acknowledge that there have been no representations by us or by our officers, directors, members, employees, or agents that are inconsistent with the statements made in our current FDD or the provisions of this Franchise Agreement. You further represent to us, as an inducement to our entering into this Franchise Agreement with you, there have been no misrepresentations to us in your application for the rights granted by this Franchise Agreement, or in the financial information provided by you or your Principal Owners.



## 2. GRANT OF FRANCHISE.

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

This Franchise Agreement shall have an initial term of ten consecutive (10) years (the “Initial Term”). The Initial Term will begin on the Effective Date. Termination or expiration of this current Franchise Agreement will constitute a termination or expiration of your Franchise. (All references to the “Term” of this Franchise Agreement refer to the period from the Effective Date to the date on which this Franchise Agreement actually terminates or expires.)

2.2 *Best Efforts and Full Term Performance.* Only you are authorized to operate the Franchise. You specifically agree to be obligated to operate the Franchise, perform the obligations of this Franchise Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Franchise Agreement. Except as specifically set forth in this Franchise Agreement, you may not delegate or assign any of the Franchise’s rights or obligations under this Franchise Agreement or any aspect of the management or operation of the Franchise.

2.3 *Territory and Relocation; Reservation of Rights.* The franchise is not for a specific location or location to be approved by us; however, the location must be located within your assigned state (“Territory”). This Franchise Agreement grants you a non-exclusive territory to operate throughout the United States. However, you may not conduct marketing activities outside of your designated Territory unless you receive prior written approval from us. You will not receive any territory protections and you will share the Territory with us and other franchisees. You must seek our approval to relocate your ILEC Business to a new location, subject to the territorial rights of other ILEC Businesses operated by franchisees, us and our affiliates. You may not relocate your ILEC Business without our prior written consent. We retain all rights with respect to ILEC Businesses, the Marks and the System, including (by way of example only and not as a limitation): a) to own, franchise or operate ILEC Businesses at any location inside or outside of the Territory, regardless of the proximity to your ILEC Business; b) to exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce without our prior written approval and subject to the policies and procedures in our Operations manual; c) to use and license the use of other proprietary and non-proprietary marks or methods, which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering similar services as those offered by ILEC Businesses, including within the Territory, which may be similar to or different from the ILEC Business operated by you; d) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your ILEC Business, wherever located; e) to acquire and convert to the System operated by us, any businesses offering services and products similar to those offered by ILEC Businesses, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory; and f) to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

## 2.4 Renewal of Franchise.

(a) *Franchise Owner's Right to Renew.* Subject to the provisions of subparagraph (b) below, and provided that:

(i) you give us written notice of your intention to renew this Franchise Agreement at least 12 but not more than 18 months prior to the end of the Initial Term

(ii) you have substantially complied with all provisions of this current Franchise Agreement and all other agreements between us, and have corrected any deficiencies in the operation of your Franchise;

(iii) this current Franchise Agreement or any successor agreement has not been terminated;

(iv) you pay the renewal fee in the amount of \$10,000;

(v) you sign a general release of any and all claims against us; and

(vi) pursuant to subsection (c) below, you sign our then current form of Franchise Agreement and any ancillary documents, including an Owners Agreement or other guaranty, applicable to ILEC Businesses as we may require for each renewal period,

then, upon expiration of the Initial Term, you will have the right to renew the Franchise, provided that you meet the requirements to sign a successor Franchise Agreement, for one (1) additional term of ten (10) consecutive years pursuant to our then-current successor franchise agreement.

(b) *Notice of Deficiencies and Other Requirements.* At least six (6) months before the expiration of the Franchise, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Franchise that could cause us not to renew the Franchise. If we will permit renewal, our notice will state what actions you must take to correct the deficiencies in your operation of the Franchise, and will specify the time period within which those deficiencies must be corrected and any other requirements satisfied. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Franchise Agreement up to and including expiration. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) *Renewal Agreement; Releases.* To renew the Franchise, you and your Principal Owners must execute the then-current form of franchise agreement, which may contain materially different terms than this Franchise Agreement, including but not limited to higher Services Fees Share and Brand Building Investments and different territorial rights ("Successor Franchise Agreement") and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of ILEC Businesses (with appropriate modifications to reflect that the agreement relates to the grant of a renewal franchise), except that no initial franchise fee will be payable upon renewal of the Franchise. However, you must pay to us a renewal fee of \$10,000. You and your Principal Owners, and you and their spouses, must also execute general releases, in a form satisfactory to us, of any and all claims against us and any affiliates we may have, and our and their respective owners, officers, directors, employees, and agents. At the time of renewal, should a judgment against us be in place, we will not include this judgment in the required releases to be signed.

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

### 3. THE DEVELOPMENT AND OPENING OF THE FRANCHISE

3.1 *Development of the Franchise.* You agree at your own expense to do the following: (a) within four business (4) days of the Effective Date begin setting up of your ILEC Business, including enrollment in the Pre-On-Site Course Work (defined in Section 4.2) and Phase 1 and Phase 2 On-Site Events and Intelligent Leadership Certified Executive Coach training programs and granted access to our technology systems which include access to technologies for marketing and offering goods and services; (b) within ninety (90) days of the Effective Date: (1) secure all financing required to fully develop the Franchise; (2) complete the training requirements detailed in Section 4 of this Franchise Agreement; (3) purchase an opening inventory of products and other supplies and materials, including all marketing materials for your grand opening program; (4) provide proof, in a form satisfactory to us, that you (or your Principal Operator, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements; (5) do any other acts necessary to open the Franchise for business; and (6) open the Franchise for business. Should it take more than ninety (90) days, no termination action will be taken, so long as you can provide evidence that action is underway. If no action is being taken to open the ILEC Business, we may terminate the Franchise Agreement and will retain the entire Initial Franchise Fee.

3.2 *Computer System.* You agree to use in the development and operation of the Franchise the computer terminals, systems and operating software (“Computer System”) we may specify at any time and from time to time, in accordance with this Franchise Agreement. You acknowledge we may modify such specifications and the components of the Computer System at any time and from time to time, in accordance with this Franchise Agreement. As part of the Computer System, we may require you to obtain specified computer hardware and software, including, without limitation, a license for the proprietary software developed by us or others. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the Term. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortizable over the remainder of the Term. Nonetheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within four (4) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements

specifically made for us or our affiliates that are licensed to you; and other maintenance and support services related to the Computer System that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

3.3 *Equipment, Furniture, Fixtures, Furnishings and Signs.* You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

3.4 *Franchise Opening.* You agree not to open the ILEC Business until: (1) all of your obligations under Sections 3.1 through 3.4 of this Section 3 have been fulfilled; (2) you and any of your Franchise's employees whom we require complete the Pre-On-Site Course Work and the Phase 1 Training portions of Initial Training to our satisfaction; (3) the Initial Franchise and Training Fee (defined below in Section 6.1 and 4.3) and all other amounts due to us have been paid; and (4) you have furnished us with copies of all insurance policies required by Section 10.8 of this Franchise Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested.

#### 4. TRAINING.

4.1 *Principal Operator.* The term "Principal Operator" means an individual with primary day-to-day responsibility for the Franchise's operations. At your request, we may, but are not obligated to, agree for you to employ a Principal Operator to operate the Franchise. If you are other than an individual, then at least one Principal Owner, member, officer, or employee approved by us must serve as Principal Operator, to fulfill this requirement. We do not require that the Principal Operator have an equity interest in the Franchise. The Principal Operator will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System in connection with the Franchise. You must not hire any Principal Operator or successor Principal Operator without first receiving our written approval of such Principal Operator's qualifications. Each Principal Operator and successor Principal Operator must attend and complete our Initial Training described below in Section 4.3. Each Principal Operator, officer, or employee who does not own an equity interest in the Franchise must sign Exhibit G-2 ("System Protection Agreement"). You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, whether during or following completion of the Initial Training program, that your Principal Operator (if any) is not qualified to act as Principal Operator of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

4.2 *Coach.* All persons who offer executive coaching services on behalf of ILEC Businesses are referred to as "Coaches." Notwithstanding anything else in this disclosure document, you are allowed only one Coach, who shall be the Principal Operator for each ILEC Business. For the purpose of clarity, each ILEC Business you purchase permits you to have only one Coach, who shall be the Principal Operator.

4.3 *Training.* You acknowledge it is very important to the operation of the Franchise that you, or your Principal Operator/Coach (if any) receive appropriate training. You agree:

- (a) Within 30 to 60 days of the Effective Date, you (or your Principal Operator, if applicable) must complete our Pre-On-Site Course Work and Phase 1 Training at the time and place we designate. You will be a certified as an ILEC coach and open for business after your Phase 1

Training. After the Phase 1 Training, you will complete Phase 2 Training within 90-120 days, to complete your full 10-Day Training. You also must complete Initial Training within 7 months of the Effective Date. You and other employees that we designate must complete our training programs to our satisfaction. Training programs may include virtual or classroom instruction and will be provided at our training facility and/or at another location we designate.

You will be required to pay us a training fee of \$25,000 for you or your Principal Operator ("Training Fee"). If you purchase two additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on the additional two ILEC Businesses. If you purchase four additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on all five ILEC Businesses. The Training Fee is due at the time you sign the Franchise Agreement and is fully earned by us when paid, and is not refundable, whether partially or full, under any circumstances. All persons who attend our training programs must attend and complete the training programs to our satisfaction.

(b) In addition to providing the training programs described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make these training programs mandatory for you and/or designated owners, and/or representatives of yours. We may charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. You or your designated personnel must attend a minimum of seventy five percent (75%) of the on-going training, educational programs and system updates offered annually. When scheduled and held, we require you to attend an annual franchisee conference and pay a conference fee, currently \$450, for each year that an annual conference is held ("Conference Fee") for purposes of defraying your cost of attending such annual conferences regardless of whether or not you attend the annual conference. If you fail to attend an annual conference for any reason, we shall be entitled to use the Conference Fee paid by you for any purpose in our sole discretion. Once paid, the Conference Fee is non-refundable for any reason. We may preclude you from participating in conventions, conferences, or calls if you are in default of this Franchise Agreement or if you had received a notice of default in the previous 12 months. In addition to the Conference Fee, you will be required to stay at the hotel designated by us for the annual conference at your cost and pay all costs associated with you and your personnel attending the annual conference including travel, meal, transportation and personal expenses.

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

(d) You shall obtain all certifications and licenses required by law in order to perform the responsibilities and duties for the Franchise.

## 5. GUIDANCE; MANUAL.

5.1 *Guidance and Assistance.* During the Term, we may at any time and from time to time furnish you guidance and assistance regarding: (1) specifications, standards, and operating procedures used by ILEC Businesses; (2) purchasing approved equipment, furniture, furnishings, signs, materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) general operating and management procedures; (5) establishing and conducting employee training programs for your Franchise; and (6) changes in any of the above that occur from time to time. This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations,

operations manual and other written or electronically-posted materials (the “Operations Manual”), and/or telephone consultations and/or personal consultations at our offices or your Franchise. If you request and we agree to provide, or if we require, we may charge you for training additional persons, newly-contracted personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. then you agree to pay a daily training fee in an amount to be set by us, currently \$770 per day, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our personnel.

5.2 *Operations Manual.* The Operations Manual will contain our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your ILEC Business and approved vendors for these products and services. The Operations Manual may be composed of or include electronic materials, websites, and/or other written or intangible materials. We may make all or part of the Operations Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded periodically with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Operations Manual, then our master copy of the Operations Manual will control. You agree you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission.

At our option, we may post the Operations Manual on a restricted website to which you will have password access. If we do so, you agree to periodically monitor that website for any updates to the Operations Manual or the System’s specifications. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of Confidential Information (defined in Section 9.1 below).

5.3 *Modifications to System.* We may change the System, including, but not limited to, adding new components to services offered and equipment used by ILEC Businesses. Changes in laws regulating the services offered by ILEC Businesses may (a) require us to restructure our franchise program, (b) require Principal Operators, Coaches, and employees to obtain additional licenses or certifications, (c) and/or require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

## 6. FEES.

6.1 *Initial Fees.* You agree to pay us the initial franchise fee (“Initial Franchise Fee”) set forth in Attachment 1 when you sign this Franchise Agreement.

### *Initial Franchise Fee*

You must pay us an initial franchise fee (“Initial Franchise Fee”) of \$75,000 when you sign the Franchise Agreement to operate an ILEC Business.

Veteran’s Discount. We participate in the International Franchise Association VetFran Program. Under this program, honorably discharged veterans of the United States armed forces receive a 15% discount on the Initial Franchise Fee, including on a Multi-Unit Franchise Purchase. You are required to provide us with a copy of your DD214 to receive this discount.

Multi-Unit Franchise Purchase. If you purchase three (3) ILEC Businesses from us at the same time, we discount the initial franchise fee to \$60,000 per franchise. If you purchase five ILEC Businesses from us at the same time, we discount the initial franchise fee to \$55,000 per franchise.

### *Training*

After you sign the Franchise Agreement, you will be enrolled in our initial training program which is discussed in Item 11 (“Initial Training”). You will be required to pay us a training fee of \$25,000 (“Training Fee”) for you or the Principal Operator of your first ILEC Business. The Training Fee is due in full at the time you sign the Franchise Agreement.

If you purchase two additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on the additional two ILEC Businesses. If you purchase four additional ILEC Businesses from us at the same time, the Training Fee is reduced to \$20,000 per ILEC Business on all five ILEC Businesses.

### *Refundability of Initial Fees*

All initial fees are fully earned by us when paid and are nonrefundable.

6.2 *Services Fee Share.* You are required to pay us a “Services Fee Share” which equals 25% of all “Services Fees.” “Services Fees” are fees paid by clients for services originated by your ILEC Business. Services Fees are required to be paid directly to us by the client through our QuickBooks Payment Platform. In the event a Services Fee is paid directly to you, you must submit the entire Services Fee to us immediately upon receipt. Services Fees are not earned until we have received payment in good funds that clear our bank account. We will transfer the Net Services Fee to the bank account you assign for your ILEC Business five days following our receipt of cleared Services Fees. The Net Services Fee is the Services Fees originated we receive minus the Services Fee Share.

6.3 *Brand Building Fund.* You agree to contribute \$750 per month to a system-wide “Brand Building Fund” for our use in promoting and building the ILEC Business brand (“Brand Building Investments”). The Brand Building Investments will be deducted the last day of the month for the following month. This fee begins on the last day of the month that you complete your Phase 1 Training. We reserve the right to make adjustments to this fee upon a (6) months’ notice as needed based on market demands or increased expenses. A further description of the Brand Building Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Franchise Agreement.

6.4 *Managed Services and Technology Program.* We have made arrangements with several vendors for preferred pricing for products and services used by ILEC Businesses. Some of these services are provided by us or paid for by us and others are billed by the vendors. We combine monthly fees and pro rate yearly fees and charge your one monthly Managed Services and Technology Program fee (“MST Fee”). The MST Fee is currently \$125 per user per month. Because this fee is partly determined by the fees charged by our vendors, it may be adjusted throughout the year and may fluctuate from year to year. This fee begins on the last day of the month after you complete your Phase 1 Training. The MST Fee is deemed fully earned by us once paid and is non-refundable.

6.5 *Interest on Late Payments.* All Services Fee Share, Brand Building Investments, MST Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, or (ii) the rate of twelve percent (12%) per annum plus \$100 per

incident. You acknowledge that the inclusion of this Section 6 does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance, your operation of the Franchise. In the event that any automatic payment is not honored by the bank from which funds are drawn, we have the right to require that any payments due us or any affiliates we may have be made by certified or cashier's check. We also have the right to charge you a fee of \$100 for any payment that is not honored by the bank upon which it is drawn or the highest amount permitted by law. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any amount, whether check or automatic debit, by us or our affiliates is collected from your account.

6.6 *Electronic Funds Transfer.* We have the right to require you to participate in an electronic funds transfer program under which Services Fee Share, Brand Building Investments, MST Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the "Account"). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. The amount actually transferred from the Account to pay Services Fee Shares, MST Fees, and Brand Building Investments will be based on the Franchise's Gross Revenues reported to us. If you have not reported the Franchise's Gross Revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred percent (100%) of the Services Fee Share, MST Fees, and/or Brand Building Investments transferred from the Account for the last reporting period for which a report of the Franchise's Gross Revenues was provided to us. If at any time we determine that you have under-reported the Franchise's Gross Revenues or underpaid any Services Fee Share, MST Fees, or Brand Building Investments due us under this Franchise Agreement, then we will be authorized to initiate immediately a debit to the Account in the appropriate amount, plus applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Services Fee Share, MST Fees, , Brand Building Investments, and other amounts we would otherwise debit from your Account during the following reporting periods. Our use of electronic funds transfers as a method of collecting Services Fee Shares, MST Fees, and Brand Building Investments due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Franchise Agreement.

6.7 *Application of Payments.* When we receive a payment from you, we have the right, in our sole discretion, to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Services Fee Share, MST Fees, Brand Building Investments, purchases, interest, or for any other reason, regardless of how you may designate that a particular payment should be applied.

6.8 *Modification of Payments.* If, by operation of law or otherwise, any fees contemplated by this Franchise Agreement cannot be based upon Gross Revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then Intelligent Leadership Executive Coaching Franchising reserves the right to terminate this Franchise Agreement upon notice to you in accordance with the terms of Section 15 below (as applicable), in which case all of the post-termination obligations set forth in Section 16 shall also apply.

6.9 *Method of Payment.* We have the right to periodically specify (in the Operations Manual or otherwise by writing) different payees and/or payment methods, such as, but not limited to, weekly or monthly payment, payment by auto-draft, credit card and payment by check.

## 7. MARKS AND IMPROVEMENTS.

7.1 *Ownership and Goodwill of Marks.* You acknowledge that your non-exclusive right and license to use the System and the proprietary Marks is derived solely from this Franchise Agreement and your payment of Royalty Fees, and is limited to your operation of the Franchise pursuant to and in



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

7.2 *Limitations on Franchise Owner's Use of Marks.* You agree to use the Marks as the sole trade identification of the Franchise. You must indicate to the public, in the form we prescribe, in any contract, advertisement and with a conspicuous sign in your Franchise location that you are the independently owned and operated licensed franchisee of Performance Enhancement Franchising LLC Doing Business As Intelligent Leadership Executive Coaching. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Franchise Agreement), or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Franchise and for advertising and marketing materials, and to use, with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations if required under applicable law.

7.3 *Notification of Infringements and Claims.* You agree to immediately notify us in writing of any apparent infringement of, or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts our attorneys say is necessary or advisable to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

7.4 *Discontinuance of Marks.* If it becomes advisable at any time in our sole judgment for the Franchise to modify or discontinue the using any Mark, or use one or more additional or substitute trade or service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue using the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

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

7.6 *Improvements.* Any improvements or additions to the System, website or any other documents or information pertaining to or relating to the System or the ILEC Business, or any new trade

names, trade and service marks, logos, or commercial symbols related to the ILEC Business or any advertising and promotional ideas or inventions related to the ILEC Business (collectively, the “Improvements”) conceived or developed by you shall become our property. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all of our other Businesses without any obligation to Franchisee for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. We may also consider such Improvements as our property and trade secrets. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by you or any other person or entity retained or employed by you are our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the copyrightable materials are not works made for hire or rights in the copyrightable materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, our successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which you and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements as required in this Section 7.

## 8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION; PHOTO/VIDEO RELEASE.

8.1 *Independent Contractor; No Fiduciary Relationship.* You acknowledge and agree that this Franchise Agreement does not create a fiduciary relationship between you and us, that you and we are independent contractors, and that nothing in this Franchise Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to conspicuously identify yourself in all public documents and in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise under a Franchise Agreement, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time. You will not hold yourself out as our agent, employee, partner or co-venturer. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of the Franchise, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Franchise Agreement. You must use your legal name on all documents for use with employees and contractors (including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements), and you must not use any of the Marks on these documents, in signing any contract, check, negotiable instrument, or legal obligation, in applying for any license or permit, or in a manner that may result in our liability for your debts or obligations. We have no responsibility to ensure that the ILEC Business is developed and operated in compliance with all applicable laws, ordinances and regulations, and we shall have no liability in the event the development or operation of the ILEC Business violates any law, ordinance, or regulation. Upon our request, you and each of your

employees must sign an employment relationship acknowledgement form within seven (7) days stating that you alone are the employer and operate the ILEC Business.

8.2 *No Liability, No Warranties.* We have not authorized or empowered you to use the Marks except as provided by this Franchise Agreement. Except as expressly authorized by this Franchise Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent your and our relationship is other than that of franchisor and franchisee.

8.3 *Indemnification.* We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Franchise Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Franchise Agreement, whether or not caused by your negligent or willful action or failure to act, including: (i) the infringement, alleged infringement or any other violation by you, your owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System; (ii) violation, breach or asserted violation or breach of any federal state, or local law, regulation, ruling or industry standard; (iii) libel, slander or any other form defamation; (iv) your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding or ruling that we are an employer of joint employer of your employees, and including any acts or omissions of you or your employees; (v) any loss of data, including but not limited to customer information, resulting from a breach of such data caused by you or your negligence; or (vi) your breach this Franchise Agreement. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Franchise Agreement (except for our own income taxes). You agree to indemnify, defend, and hold us, any affiliates we may have, and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including, without limitation, actual and consequential damages; reasonable attorneys’, accountants’, and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Franchise Agreement, defending our actions taken relating to this Franchise Agreement, or resulting from your breach of this Franchise Agreement, including without limitation, reasonable arbitrator’s and attorney fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Franchise Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Franchise Agreement.

8.4 *Photo/Video Release.* You acknowledge and authorize us to use your likeness in a photograph or video in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph or video using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish or distribute any photograph or video of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph or video of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action which you

may have in connection with this authorization. For purposes of this Section 8, you shall refer to your Principal Owners if you are an Entity.

## 9. CONFIDENTIAL INFORMATION; NON COMPETITION.

9.1 *Types of Confidential Information.* We possess certain unique confidential and proprietary information and trade secrets comprising the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at ILEC Businesses; (2) knowledge of sales and profit performance of any one or more ILEC Businesses; (3) knowledge of all advertising and promotional programs and sources of products sold at ILEC Businesses; (4) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of ILEC Businesses; and (5) the selection and methods of training employees. We will disclose much of the above described information to you in advising you about site selection, providing our initial training, the Operations Manual, and providing guidance and assistance to you under this Franchise Agreement. In the course of the operation of your Franchise, you or your employees may develop ideas, concepts, methods, or techniques of improvement relating to the Franchise that you agree to disclose to us, and that we may then authorize you to use in the operation of your Franchise, and may use or authorize others to use in other ILEC Businesses owned or franchised by us or our affiliates. (Any and all information described above in this Section 9.1 that is disclosed to or developed by you pursuant to this Franchise Agreement shall be deemed and referred to as “Confidential Information”).

9.2 *Non-Disclosure Agreement.* You agree your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of the Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition you agree, and you therefore agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form, or in any other form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure to your employees, and using non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information. Any Key Individual, (the term “Key Individuals” is defined as Principal Owners, their spouses, your officers, directors, Principal Operators, and independent contractors or employees who have had access to the Confidential Information) must sign at the inception of their relationship with the Franchise the System Protection Agreement, the current form of which is attached to the Franchise Disclosure Document as Exhibit G-2.

9.3 *In-Term Non-Competition Agreement.* During the term of this Franchise Agreement, except as authorized through this Franchise Agreement, in the United States, neither you, nor any Key Individual, nor any member of your immediate family, shall directly or indirectly (a) induce, canvas, solicit, or request or advise any customers of ours, of the Franchise, or of any ILEC Franchisee to become customers of any person, firm, or business that competes with any Franchise, any other ILEC Business, or ILEC Company owned business; (b) induce, request, or advise any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business to terminate or decrease such customer’s relationship with us, any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business; or (c) disclose to any other person, firm, partnership, corporation, or other entity the names, addresses, or

telephone numbers of any customers of ILEC, of the Franchise, of any ILELC Business or of any ILEC Company owned business except as required by law. (The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Section 9.3.)

#### 10. FRANCHISE OPERATING STANDARDS.

10.1 *Condition and Appearance of the Franchise.* You agree that:

(a) The Franchise will not be used for any purpose other than the operation of the ILEC Business without written approval by us and in compliance with this Franchise Agreement;

(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs in accordance with our standards and consistent with the image of an ILEC Business (as the case may be) as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, and courteous service;

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

10.2 *Franchise Services and Products.* You agree that (a) the Franchise will offer for sale all services and products that we from time to time specify for the ILEC Business, (b) the Franchise will offer and sell approved services and products only in the manner we have prescribed; (c) you will not offer for sale or sell any services or products we have not approved; (d) all products will be offered within your Territory, and you will not offer or sell any products at wholesale or at a discount to attract customers who live in the Territory of another ILEC Business; and (e) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. Should products be discontinued, you are allowed to sell off the remaining inventory, provided it is done within twelve (12) months of the notice of discontinuance. You agree to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and provide us with timely reports and other relevant information regarding such market research. In connection with any such test marketing, you agree to offer a reasonable quantity of the products or services being tested, and effectively promote and make a reasonable effort to sell them.

10.3 *Approved Products, Distributors and Suppliers.* We have developed or may develop various unique products or services that may be prepared according to our formulations. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, ILEC Businesses, that meet our standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved.

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

complaints), or other criteria, and our approval may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. We have the right to inspect the proposed supplier's facilities, and we require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

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

10.4 *Hours of Operation.* You agree to operate the Franchise for such times and during such hours as we may prescribe from time to time. You must operate the Franchise as a full time business, but may take reasonable vacations and time off and vary your hours as permitted by the Operations Manual.

10.5 *Specifications, Standards and Procedures.* You agree to comply with all mandatory specifications, standards, and operating procedures relating to the operation of the Franchise. You also must comply with any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the ILEC Business.

10.6 *Compliance with Laws and Good Business Practices.* You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes. You agree to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us, your customers, your suppliers, and public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of ILEC Business, the Franchise, and/or the goodwill associated with the Marks and other ILEC Businesses. If we are contacted by a customer with a complaint or issue, we may in our sole discretion remedy any issue with customers of your ILEC Business, including reimbursement of fees paid to you, and you must reimburse us for any such remedy.

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

10.7 *Management and Personnel of the Franchise.* Unless we approve a Principal Operator to operate the Franchise as provided in Section 4.1, you must actively participate in the actual, on site, day-to-day operation of the Franchise and as Coach, and devote as much of your time as is reasonably necessary for the efficient operation of the Franchise. If you are other than an individual, then at least one Principal Owner, member, officer, or employee approved by us must serve as Principal Operator, to fulfill this requirement. Any Principal Operator shall obtain all licenses and certifications required by law or us before assuming his or her responsibilities at the Franchise. You will ensure your employees and independent contractors of the Franchise have any licenses as required by law, and hold or are pursuing the obtainment of any licenses, certifications, and/or degrees required by law or by us in the Operations Manual, as updated from time to time. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control. You agree to inform your employees that you alone are the employer, and that we are not. We will not have any duty or obligation to operate the ILEC Business, to direct your employees, or to oversee your employment policies or practices. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for the Franchise does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are responsible for all employment decisions and functions of your Franchise, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You must establish any training programs for your employees and/or independent contractors that we may prescribe in writing from time to time. You must require all employees and independent contractors to maintain a neat and clean appearance, and conform to the standards of dress that we specify in the Operations Manual, as updated from time to time. Each of your employees and independent contractors must sign a written agreement, in a form approved by us, to maintain confidential our Confidential Information, proprietary information, and trade secrets as described in Section 9.1, and to abide by the covenants not to compete described in Section 9.3. You must store agreements for a period of twelve (12) months past the termination date of the employee in a location which can be reviewed in person by us at any time. All of your employees and independent contractors must render prompt, efficient and courteous service to all customers of the Franchise

10.8 *Insurance.* You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your ILEC Business is located and must be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. You may, with our written consent, elect to have reasonable deductibles for the coverages described in above. Certificates of insurance must be sent in upon annual expiration date.

Currently we require or recommend at least the following minimum insurance policy coverages for your operation of the Franchised Business:

**REQUIRED:**

| Type                                                                                                                                                         | Amount                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Comprehensive General Liability Insurance                                                                                                                    | \$1,000,000 per occurrence/ \$2,000,000 aggregate  |
| Umbrella                                                                                                                                                     | \$1,000,000 per occurrence / \$3,000,000 aggregate |
| Employer’s Liability, Worker’s compensation, and other insurance as may be required by the state or locality in which your Business is located and operated. | As required by state law                           |

**OPTIONAL:**

|                                                      |                              |
|------------------------------------------------------|------------------------------|
| Professional Liability Insurance                     | Consult your insurance agent |
| Additional Comprehensive General Liability Insurance | Consult your insurance agent |
| Business Interruption- 6 months                      | Consult your insurance agent |
| Errors & Omissions Insurance                         | Consult your insurance agent |

Each such liability insurance policy (except any employment liability insurance policy) must name us (and, if we so request, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days’ advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies evidencing the existence of such



insurance concurrently with execution of this Franchise Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates evidencing such insurance.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you at any time fail or refuse to maintain any insurance coverage required by us or to furnish satisfactory evidence thereof, then we, at our option and in addition to our other rights and remedies under this Franchise Agreement, may, but need not, obtain such insurance coverage on your behalf, and you shall reimburse us on demand for any costs or premiums paid or incurred by us plus an administrative fee equal to 20% of any costs or premiums paid by us.

Notwithstanding the existence of such insurance, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless from, against, and with respect to any such claims, loss or damage, which indemnity shall survive the termination or expiration and non-renewal of this Franchise Agreement. In addition to the requirements of the foregoing paragraphs of this Section 10.8, you must maintain any and all insurance coverage in such amounts and under such terms and conditions as may be required in connection with your lease or purchase of any premises connected with your ILEC Business.

Your obligation to maintain insurance coverage as described in this Franchise Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Franchise Agreement.

10.9 *Electronic Payment Compliance.* You must have arrangements in existence with any electronic fund transfer systems we designate from time to time. You must at all times ensure that you are in compliance with the applicable regulations and requirements issued by the credit card processing companies and banking industries.

## 11. ADVERTISING.

11.1 *By Franchise Owner.* We require you to invest a minimum of \$500 per month on marketing and advertising for your ILEC Business ("Marketing Requirement"). The amount you spend should be based around your projected earnings. You agree, at your sole cost and expense, to invest in activities and resources such as: digital or printed advertisements, networking events, business development activities, printing of marketing materials, etc. in accordance with advertising programs established by us.

You agree to list and advertise the Franchise in those business classifications as we may prescribe from time to time, and using any standard form of classified advertisement we may provide. On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. If our written approval is not received within 30 days from the date we receive the requested information, the request will be deemed as not approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable for ensuring that all advertising, marketing, and promotional materials and activities you prepare comply with applicable, federal, state, and local law and regulations, and the condition of any agreements or orders to which you may be subject. You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other ILEC Businesses under any such program, so long as such compliance does not

contravene any applicable law, rule, or regulation. You will not create or issue any gift cards/certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all ILEC Businesses, and you will not issue coupons or discounts of any type except as approved by us.

## 11.2 [RESERVED]

11.3 *Websites.* You acknowledge and agree that any website (defined below) will be deemed “advertising” under this Franchise Agreement. You agree and acknowledge that you are obligated to comply with our online policy which is subject to change by us from time to time. You agree and acknowledge that individual franchisee websites are prohibited, and that your online promotional strategies must comply with our online policy as contained in our Operations Manual. You further agree and acknowledge that we may review and monitor all online content on social media sites, blogs, electronic communication and other online sites on which our trademarks, service marks, trade names, copyrights or any similar marks are used. You agree to remove any usage or content that we require, including without limitation, content that we deem to be scandalous, immoral or detrimental to our image. You further agree and acknowledge that we may prohibit use of our trademarks, service marks, trade names, copyrights or any similar marks on any site or all sites, including social media websites. As used in this Franchise Agreement, the term “Website” means an interactive electronic document, contained in a network of computers linked by communications software that you operate or authorize others to operate, and that refers to the Franchise, the Marks, us, and/or the System, and includes, without limitation, social media websites, Internet and World Wide Web home pages. You agree:

(a) Your “home on the internet” is supplied by us, connected to our website (“ILEC Website”). It will have a direct web address, as well as links from the ILEC Website;

(b) You will not establish or use any other website;

(c) You have limited control over the content (photos and text) of your website. All material revisions to the Website are approved by us before they appear on your website. We reserve the right to modify or delete any or all parts of the website in our sole discretion.

11.4 *Brand Building Fund.* We have established a Brand Building Fund to assist in activities on behalf of all Franchisees. Examples of activities may include: Business development efforts, national and local PR and brand awareness and social media automation, in addition for the purpose of promoting the marks and the system. This list is not all inclusive and may be amended at any time by the Franchisor based on current initiatives by the marketing department.

The Brand Building Fund will be administered by us, or one of our affiliates or designees, in our discretion, and we may use a professional advertising agency or media buyer to assist us. We have complete discretion on how the Brand Building Fund will be utilized. We may reimburse ourselves, our authorized representatives, or our affiliate(s) from the Brand Building Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Building Fund. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct, or administer the Brand Building Fund. Any unused funds in any calendar year will be applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable. Because this fund will not be audited, audited financial statements will not be available to franchisees. We will provide an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year upon written request.

We may use the Brand Building Fund for the creation, production, and placement of commercial advertising; agency costs and commissions; creation and production of video, audio, and written advertisements; administering multi-regional advertising programs, direct mail, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional, national, or international media of our choice, including, but not limited to, print, direct mail, radio, television, or Internet, including digital advertisements, social media, blogging automation. We may also use the Brand Building Fund to conduct research and develop marketing strategies. We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Building Investments for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing, or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Brand Building Fund.

Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable. We may forgive, waive, settle, and/or compromise all claims by or against the Brand Building Fund. We may at any time defer or reduce a Franchisee's Brand Building Investment and, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Building Investments and operations for one (1) or more periods of any length and terminate and reinstate the Brand Building Fund. If we terminate the Brand Building Fund, we will distribute all unused contributions to contributing franchisees, and to us or other parties, in proportion to respective contributions during the preceding 24-month period.

## 12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense bookkeeping, accounting, and record keeping system conforming to the requirements, data processing, and formats, if any, which we prescribe from time to time. This system (or systems, as applicable) shall include, as we may require, the necessary functionality to allow our central computer system to access certain real-time statistics and other information (including, without limitation, point-of-sale revenues) concerning the Franchise in order to track, compile, and aggregate data relating to all or part of the ILEC Business network, and you agree to permit our access to this information. With respect to the operation and financial condition of the Franchise, you agree to furnish us the information that we request about the Franchise, in such form we may request and prescribe from time to time. You agree to maintain and furnish upon our request complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the Entity that holds the Franchise. You shall keep and preserve full and complete records of Gross Revenues for at least three years. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant annually.

## 13. INSPECTIONS AND AUDITS.

13.1 *Our Right to Inspect the Franchise.* To determine whether you and the Franchise are complying with this Franchise Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the premises, if any; (2) observe the operations of the Franchise for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Franchise; (4) interview customers of the Franchise; and (5) inspect and copy any books, records and

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

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

#### 14. TRANSFER REQUIREMENTS.

14.1 *Organization.* If you are an Entity (or if this Franchise Agreement is assigned to an Entity with our approval), you represent and warrant to us you are and will continue to be throughout the term of this Franchise Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business (and will maintain such qualification) throughout the term of this Franchise Agreement in all states in which you must qualify, that you have the authority to execute, deliver and carry out all of the terms of this Franchise Agreement, and that during the term of this Franchise Agreement the only business you (i.e., Entity) conduct will be the development, ownership and operation of the Franchise.

14.2 *Interests in Franchise Owner.* You, on behalf of the Franchise and each Principal Owner, represent, warrant and agree that all "Interests" (defined below) are owned in the amount and manner described in Attachment 2. No Interests in Franchisee will, during the term of this Franchise Agreement, be public securities (i.e., securities that require, for their issuance, registration with any state or federal authority). An "Interest" means any shares, membership interests, or partnership interests (whether held directly or indirectly) in Franchisee and any other equitable or legal right (whether held directly or indirectly) in any of Franchisee's stock, revenues, profits, rights or assets. When referring to Franchisee's rights or assets, an "Interest" means this Franchise Agreement, Franchisee's rights under and interest in this Franchise Agreement, any ILEC Business, or the revenues, profits or assets of any ILEC Business. You also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Franchise Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchisee and each of your Principal Owners remain as permitted by this Franchise Agreement, including a list of all persons or entities owning any Interest, as defined above.

14.3 *Transfer by Us.* This Franchise Agreement is fully transferrable by us and will inure to the benefit of any person or entity to which it is transferred or to any other legal successor to our interests in

this Franchise Agreement. You acknowledge that we and our affiliates maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Franchise Agreement in reliance on any particular owner, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Franchise Agreement and any other agreement to a third party without restriction, and any such assignment shall inure to the benefit of that third party transferee or any other legal successor to our interests in this Franchise Agreement. After our assignment of this Franchise Agreement to a third party who expressly assumes the obligations under this Franchise Agreement, we no longer will have any performance or other obligations under this Franchise Agreement.

14.4 *No Transfer without Approval.* You understand and acknowledge that the rights and duties created by this Franchise Agreement are personal to you and that we have entered into this Franchise Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Neither this Franchise Agreement nor any part of your interest in it, nor any Interest (as defined in Section 14.2 above), whether held directly or indirectly, in Franchisee or a Principal Owner, may be Transferred (defined below) without our advance written approval. Any Transfer made without our approval will constitute a breach of this Franchise Agreement and convey no rights to or interests in this Franchise Agreement, you, the Franchise, or any other ILEC Business.

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

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to your key employees, so long as all Principal Owners together retain a fifty-one percent interest of the equity, voting control and profits (a “Controlling Interest”) of the Entity, although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests in Franchisee owned by persons other than the Principal Owners (“minority owners”) may be Transferred without our advance consent, provided that the Transfer would not give that transferee and any person or group of persons affiliated or having a common interest with that transferee, whether through one or a series of Transfers, more than an aggregated twenty-five percent (25%) interest in Franchisee, in which case our advance written approval for the Transfer must be obtained. Your formal partnership, corporation or other formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Section 14.4.

14.5 *Conditions for Approval of Transfer.* If you and your Principal Owners fully comply with this Franchise Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the requirements of this Section 14. The person or Entity to whom you wish to make the Transfer, or its principal owners (whether individually or collectively, the “Proposed New Owner”), must possess good moral character and otherwise meet our then applicable standards for ILEC Businesses. If you propose to Transfer this Franchise Agreement, the Franchise or its assets, or any Interest, or if any of your Principal Owners proposes to Transfer a Controlling Interest in you or make a Transfer that is one of a series of

Transfers which taken together would constitute the Transfer of a Controlling Interest in you, then all of the following conditions must be met before or at the time of the Transfer:

- (a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise, as determined subject to our sole discretion;
- (b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;
- (c) the Proposed New Owner's directors and such other personnel as we may designate must have successfully completed our initial training program, and shall be legally authorized and have all licenses necessary to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the initial training program;
- (d) you must pay us a Transfer fee of \$5,000. You must pay a non-refundable deposit of \$1,000 when you request an approval of Transfer. Upon approval, you will pay the remaining amount in certified funds when you execute the transfer documents;
- (e) you and your Principal Owners must execute a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates' respective officers, directors, employees, and agents;
- (f) we must approve the material terms and conditions of the proposed Transfer, including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;
- (g) the Franchise shall have been placed in an attractive, neat and sanitary condition.
- (h) you and your Principal Owners (or, in the case of Principal Owners making any such Transfer, those Principal Owners) must execute a non-competition agreement in favor of both the Proposed New Owner and in favor of us and all entities listed in Franchise Agreement section 16.4 no less restrictive than the provision in Section 16.4.
- (i) you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Franchise Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer.
- (j) upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Franchise Agreement in a form acceptable to us, or, at our option, shall agree to execute a new Franchise Agreement and related documents with us in the form then being used by us, including an Owners Agreement or other guaranty.
- (k) you must have properly offered us the opportunity to exercise our right of first refusal as described below, and we must have then declined to exercise it.

(l) in the event of the transfer to an immediate family member, which is defined as parent, spouse, or child, we shall have no right of first refusal and no transfer fee shall apply. All other transfer restrictions under this Section 14 shall apply.

(m) you must reimburse us upon receipt of our invoice for any broker or other placement fees we incur as a result of the transfer.

14.6 *Right of First Refusal.* If you or any of your Principal Owners wishes to Transfer any Interest, we will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the “transferor”) must obtain a bona fide, executed written offer (accompanied by a good faith earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within fifteen (15) days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within thirty (30) days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any finder’s or broker’s fees that are a part of the proposed Transfer. We also will not be required to pay any amount for any claimed value of intangible benefits, including, by example, possible tax benefits that may result from structuring and/or closing the proposed Transfer in a particular manner or in exchange for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. (We may in our sole and absolute discretion withhold our consent to any proposed Transfer if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the Interest proposed to be transferred.) Our credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least sixty (60) days to prepare for closing. We will be entitled to all customary representations and warranties given purchasers for such sales. If the proposed Transfer includes assets not related to the operation of the Franchise, we may purchase only the assets related to the operation of the Franchise and/or may also purchase the other assets. (An equitable purchase price will be allocated to each asset in the Transfer.)

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

14.7 *Death and Disability.* Upon the death or permanent disability of all Principal Owners, the executor, administrator, conservator or other personal representative of the deceased or disabled person must show due diligence and transfer the deceased or disabled person’s Interest within a reasonable time, not to exceed six months from the date of death or permanent disability, to a person we have approved. Such Transfers, including, without limitation, transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Franchise Agreement. Failure to so dispose of an Interest within the six- month period of time will constitute grounds for termination of this Franchise Agreement.

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

15. TERMINATION OF THE FRANCHISE.

We have the right to terminate this Franchise Agreement, effective upon delivery of notice of termination to you, if: (1) you do not develop or open the Franchise as provided in this Franchise Agreement; (2) you abandon, surrender, transfer control of, or do not actively operate the Franchise; (3) you or your Principal Owners assign or transfer this Franchise Agreement, any Interest, the Franchise, or assets of the Franchise without complying with Section 14; (4) you become insolvent, meaning unable to pay your bills as they become due in the ordinary course of business; (5) you use, sell, distribute or give away any unauthorized services or products; (6) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of us, the Franchise, and/or the goodwill associated with the Marks; (7) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety hazard to your customers or the public; (8) you or any of your Principal Owners violate, at any time, Section 9.3 (entitled Non-Competition Agreement); (9) you do not pay when due any monies owed to us or our affiliates, and do not make such payment within 10 days after written notice is given to you; (10) you or any of your Principal Owners fail to comply with any other provision of this Franchise Agreement or any mandatory specification, standard, or operating procedure within thirty (30) days after written notice of such failure to comply is given to you; or (11) you or any of your Principal Owners fail on three or more separate occasions within any 12 consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Franchise Agreement; or otherwise fail to comply with this Franchise Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners. In the event of a default of this Franchise Agreement by you, all of our costs and expenses arising from such default, including reasonable legal fees and reasonable hourly charges of our administrative employees, shall be paid by you to us within five days of your curing the default or upon demand if such default is not cured.

You may terminate this Franchise Agreement if: (1) you are in compliance with this Franchise Agreement; (2) we are in material breach of this Franchise Agreement; (3) you provide written notice to us of the material breach; and (4) we fail to cure the material breach within thirty (30) days of receiving notice.

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

16.1 *Payment of Amounts Owed to Us.*

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

(b) You agree to pay us, within 30 days after notification by us, the amount of All Managed Services & Technology Fees and all Brand Building Fees that would be due for the remainder of the term of the FA and our projection of all Service Fee Shares that would be due for the remainder of the FA, in each case, upon either unlawful termination of the franchise by you or termination of the franchise for cause by us.



16.2 *Marks.* You agree that after the termination or expiration of the Franchise you will:

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

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

16.4 *Covenant Not to Compete.* Upon the termination or expiration of this Franchise Agreement, you and all Key Individuals (the term "Key Individuals" is defined as Principal Owners, their spouses, your officers, directors, Principal Operators, and independent contractors or employees who have had access to the Confidential Information) agree that, for a period of two (2) years after the later of (i) the effective date of termination or expiration, or (ii) the date on which you stop operating the Franchise, or (iii) the date of a court order enforcing this Covenant, ("Restricted Period"). Located or within a radius of 50 miles of your location and franchised area, as may be defined in this Agreement, and within 50 miles of any other ILEC Business, or of any ILEC Company owned business ("Restricted Territory") either you nor the Key Individuals will, directly or indirectly, offer products or services the same as or similar to those offered at or sold by the Franchise or by any other ILEC Business, or by any ILEC Company owned business. You and each Key Individual agree further that for the Restricted Period, it/they will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of ours, of the Franchise, or of any ILEC Franchisee to become customers of any person, firm, or business that competes with any Franchise, any other ILEC Business, or ILEC Company owned business; (b) induce, request, or advise any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business to terminate or decrease such customer's relationship with us, any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business; or (c) disclose to any other person, firm, partnership, corporation, or other entity the names, addresses, or telephone numbers of any customers of ILEC, of the Franchise, of any ILEC Business or of any ILEC Company owned business except as required by law. If a court or arbitrator of competent jurisdiction determines that the geographic or temporal restrictions in this section are overly broad, they shall be revised to restrictions the court deems reasonable. In addition, you and each Key Individual shall have executed the System Protection Agreement attached hereto as Exhibit G-2

16.5 *Our Option to Purchase the Franchise.* Upon the termination or expiration of the Franchise, we will have the option, but not the obligation, exercisable for thirty (30) days upon written notice of you, to purchase at fair market value all of the assets of the Franchise, including all approved equipment, fixtures, furniture and signs and all supplies, materials, and other items imprinted with any Mark. If you and we cannot agree on the fair market value of the assets of the Franchise within a reasonable

time, such value shall be determined by an average of the appraisals of two independent appraisers, one of whom will be selected by you and one of whom will be selected by us. If the appraisals differ by over ten percent (10%), then you and we will mutually agree on a value, or if you and we cannot agree, our appraisers will cooperatively select a third appraiser whose determination of market value will be final. We shall not assume any liabilities, debts or obligations of the Franchise in connection with any such Transfer, and you will indemnify us from any and all claims made against us arising out of any such Transfer of the assets of the Franchise. All parties will comply with all laws in connection with any such transfer, and you agree to cooperate in complying with all such requirements.

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

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

16.7 *Identifiers.* You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively "Identifiers") used in the operation of your ILEC Business constitute our assets, and upon termination or expiration of this Franchise Agreement, you will take such action within five (5) days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your ILEC Business and/or associated with the Marks. You irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Franchise Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

## 17. ENFORCEMENT.

17.1 *Invalid Provisions; Substitution of Valid Provisions.* To the extent that the non-competition or non-solicitation provisions of Sections 9.3, 14.5, or 16.4 are deemed unenforceable because of their scope in terms of area, business activity prohibited, length of time, or other conditions, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to make

those particular provisions valid and enforceable, to the greatest extent possible, to reflect or achieve the intent of the parties expressed in such provisions under the laws applicable to the forum or jurisdiction where enforcement is sought.

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

17.2 *Unilateral Waiver of Obligations.* Either you or we may, by written notice, unilaterally waive or reduce any obligation or restriction of the other under this Franchise Agreement. The waiver or reduction may be revoked for any reason by providing (10) days' advanced written notice.

17.3 *Written Consents from Us.* Whenever this Franchise Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

17.4 *Lien.* To secure your performance under this Franchise Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it, and the proceeds from all of the same: (a) all inventory, equipment, furnishings, fixtures, and supplies now owned or after acquired by you and the Franchise, including but not limited to all inventory, equipment, furnishings, fixtures, and supplies transferred to or acquired by you for this Franchise Agreement; (b) all accounts of you and/or the Franchise now existing or subsequently arising, with all interest in you and/or the Franchise, now existing or subsequently arising, with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Franchise, now owned or existing, or after acquired or subsequently arising. You authorize us to file and record financing statements, financing statement amendments, continuation financing statements, fixture filings and other documents we deem necessary to evidence, perfect and continue the priority of security interests in these assets. You also agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

17.5 *No Guarantees.* If, in connection with this Franchise Agreement, we provide to you any waiver, approval, consent, or suggestion, or if we neglect to provide or delay our response or deny any request for any of those, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

17.6 *No Waiver.* If at any time we do not exercise a right or power available to us under this Franchise Agreement, or do not insist on your strict compliance with the terms of the Franchise Agreement, or if there develops a custom or practice that is contrary to the terms of this Franchise Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Franchise Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Franchise Agreement, or of any similar term in any other agreement between us and any other Intelligent Leadership Executive Coaching franchisee, will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Franchise Agreement for us to accept payments that are due to us under this Franchise Agreement.

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

17.8 *Specific Performance; Injunctive Relief.* Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Franchise Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Franchise Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or ILEC Businesses; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision

17.9 *Mediation.* Except as specifically provided in this Franchise Agreement, all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"), shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Southbury, Connecticut (or our then-current headquarters) in accordance with the Commercial Mediation Rules of the American Arbitration Association ("AAA") then in effect. Franchisee may not commence any action against us with respect to any such Claim in any court or arbitration hearing unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce our right to mediation. Prior to mediation, and before commencing any legal action against us with respect to any such claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

17.10 *Arbitration.* Except as specifically provided in this Franchise Agreement, the parties agree that any and all Claims by either party that cannot be amicably settled, shall be submitted to binding arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of AAA. At the option of either party, the arbitrator shall be selected from a list of retired federal or state judges supplied by AAA, if available. This agreement to arbitrate shall be enforceable through a motion to compel arbitration filed with the court having jurisdiction over such matter. The arbitrator must issue a written opinion explaining the reasons for his or her decision and award and the arbitrator will have the right to award or include in the award the specific performance of this Franchise Agreement. Each party shall bear one-half of the arbitrator's and administration expenses incurred during the arbitration process; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorneys' fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. All arbitration proceedings shall take place in the county of our principal place of business (currently Southbury, Connecticut), or, if our principal place of business is at another location at the time that arbitration is sought, in the county of our then principal place of business. If the AAA or any successor is no longer in existence at the time arbitration is commenced, you and we will agree on another arbitration organization to conduct the arbitration proceeding.

17.11 *Claims Excluded.* We will not be required to arbitrate or first attempt to mediate a controversy, dispute or claim against Franchisee through arbitration or mediation as set forth in this Section 17 if such controversy, dispute or claim concerns an allegation by us that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (a) any of our rights in the Marks, the System,

or in any of our trade secrets, intellectual property, or Confidential Information; (b) any claims pertaining to our non-monetary post-termination obligations; or (c) any of the restrictive covenants contained in this Franchise Agreement. Nothing in this Franchise Agreement bars us or Franchisee from seeking preliminary injunctive or declaratory relief against a breach or threatened breach of this Franchise Agreement pending arbitration or mediation of the dispute, if applicable.

17.12 *No Defense.* Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, regardless of cause or origin, cannot be used as a defense against our enforcement of your obligations in this agreement relating to Confidential Information, Non-Disclosure, Covenants Not to Compete, and Unfair Competition.

#### 17.13 *Waivers.* WAIVER OF CERTAIN DAMAGES.

COMPANY AND FRANCHISEE HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), WITH THE EXCEPTION OF TRADEMARK LAW TREBLE DAMAGES AND WITH THE EXCEPTION OF ANY AMOUNTS DUE BY FRANCHISEE PURSUANT TO SECTION 16 OF THIS AGREEMENT.

JURY TRIAL WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM COMPANY OR ITS AFFILIATES AND/OR ANY GOODS OR SERVICES OBTAINED FROM COMPANY OR ITS AFFILIATES.

WAIVER OF CLASS OR GROUP ACTION. ANY DISAGREEMENT BETWEEN COMPANY AND FRANCHISEE (AND/OR THEIR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND CANNOT BE BROUGHT AS A CLASS ACTION OR CLASS ARBITRATION. FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST COMPANY (AND COMPANY'S AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, A CLASS ARBITRATION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

17.14 *Governing Law/Consent to Jurisdiction.* Except to the extent governed by federal law, this Franchise Agreement and the Franchise will be governed by the internal laws of the State of Connecticut (without reference to its choice of law and conflict of law rules), except that the provisions of any Connecticut law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Section 17. You agree that we may institute any action against you arising out of or relating to this Franchise Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Connecticut, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.15 *Limitation of Actions.* You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

17.16 *Prior Notice of Claims.* As a condition precedent to commencing an action for a Claim, you must notify us within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

17.17 *Internal Dispute Resolution.* You must first bring any Claim to our Managing Member, after providing notice as set forth in Section 17.15 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

17.18 *Joint and Several Liability.* If two or more persons constitute the Franchisee under this Franchise Agreement, then their obligation and liability to us shall be joint and several.

17.19 *Covenant of Good Faith.* If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

17.20 *Multiple Originals.* This Franchise Agreement may be executed using multiple copies, each of which shall be deemed an original.

17.21 *Timing Is Important.* Time is of the essence of this Franchise Agreement. ("Time is of the essence") is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Franchise Agreement to fail to perform any obligation within the time required or permitted by this Franchise Agreement.)

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

17.23 *Survival.* The provisions of this Section 17 shall apply during the Term of this Franchise Agreement and following the termination, expiration, or non-renewal of this Franchise Agreement.

## 18. NOTICES AND PAYMENTS.

All written notices, reports and payments permitted or required under this Franchise Agreement or by the Operations Manual will be deemed delivered: (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy, facsimile or other electronic system; (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or (d) three



Printed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_



**ATTACHMENT 1**

**FRANCHISE DATA SHEET**

1. **Effective Date.** The “Effective Date” set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_ 20 \_\_\_\_ .
2. **Franchise Owner.** The Franchise Owner set forth in the introductory Paragraph of the Franchise Agreement is: \_\_\_\_\_ .
3. **Initial Franchise Fee Paid.** The Initial Franchise Fee paid by you, and received by us, under this Franchise Agreement on or before the Effective Date is \_\_\_\_\_ .
4. **Notice Address.** The address for notices and payments by you to us under Section 18 of the Franchise Agreement is: \_\_\_\_\_  
\_\_\_\_\_

**FRANCHISOR:**

Performance Enhancement Franchising, LLC d/b/a  
INTELLIGENT LEADERSHIP EXECUTIVE  
COACHING

**FRANCHISEE:**

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

Printed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

**ATTACHMENT 2**

**OWNERSHIP INTERESTS IN FRANCHISEE**

**Franchisee:** \_\_\_\_\_

**Form of Ownership  
(Check One)**

\_\_\_\_ Individual \_\_\_\_ Partnership \_\_\_\_ Corporation \_\_\_\_ Limited Liability Co. \_\_\_\_ Other

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager, list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of  
Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

| Name | Title |
|------|-------|
|      |       |
|      |       |
|      |       |
|      |       |

**Members, Stockholders, Partners:**

| Name | Address | Percentage of Stock |
|------|---------|---------------------|
|      |         |                     |
|      |         |                     |
|      |         |                     |
|      |         |                     |

*(Signatures on following page)*

**FRANCHISEE:**

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT 3

### OWNERS AGREEMENT

As a condition to the execution by Performance Enhancement Franchising, LLC d/b/a Intelligent Leadership Executive Coaching (“**we**” or “**us**”) of a Franchise Agreement with \_\_\_\_\_ (“**Franchisee**”), each of the undersigned individuals (“**Owners**”), who constitute all of the owners of a direct or indirect `beneficial interest in Franchisee, as well, covenant and agree to be bound by this Owners Agreement (“**Owners Agreement**”).

#### **1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 20 \_\_\_\_ (“**Franchise Agreement**”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.** Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

#### **3. Covenant Not To Compete and To Not Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee’s restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners 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 Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### **4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

**5. Transfers.** Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise

Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Performance Enhancement Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching  
464 Heritage Road, Suite 3  
Southbury, CT 06488

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations,

restrictions, or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns, or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

**IN WITNESS WHEREOF**, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

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[Insert Name and Address of Owner]

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[Insert Name and Address of Owner]

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[Insert Name and Address of Owner]

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[Insert Name and Address of Owner]

Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching hereby accepts the agreements of the Owner(s) hereunder.

**Performance Enhancement Franchising LLC  
d/ba INTELLIGENT LEADERSHIP  
EXECUTIVE COACHING**

By: \_\_\_\_\_  
Terry Powell, Managing Member



**ATTACHMENT 4**  
**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**Franchisee Information:**

|                                                                   |                           |
|-------------------------------------------------------------------|---------------------------|
| Franchisee Name                                                   | Business No.              |
| Franchisee Mailing Address (street)                               | Franchisee Phone No.      |
| Franchisee Mailing Address (city, state, zip)                     |                           |
| Contact Name, Address, and Phone Number (if different from above) |                           |
| Franchisee Fax No.                                                | Franchisee E-Mail Address |

**Bank Account Information:**

|                                                 |                                                                                  |                             |
|-------------------------------------------------|----------------------------------------------------------------------------------|-----------------------------|
| Bank Name                                       |                                                                                  |                             |
| Bank Mailing Address (street, city, state, zip) |                                                                                  |                             |
| Bank Account No.                                | <input type="checkbox"/> Checking <input type="checkbox"/> Savings<br>(mark one) | Bank Routing No. (9 digits) |
| Bank Mailing Address (city, state, zip)         |                                                                                  | Bank Phone No.              |

**Authorization:**

Franchisee hereby authorizes Performance Enhancement Franchising LLC DBA Intelligent Leadership Executive Coaching (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Federal Tax ID Number \_\_\_\_\_

**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

**ATTACHMENT 5**  
**FRANCHISE DISCLOSURE QUESTIONNAIRE**

As you know, Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of an Intelligent Leadership Executive Coaching franchise. The purpose of this questionnaire is 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.** 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 in the table provided below.

1.        Yes\_\_\_ No\_\_\_     Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?
2.        Yes\_\_\_ No\_\_\_     Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3.        Yes\_\_\_ No\_\_\_     Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4.        Yes\_\_\_ No\_\_\_     Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5.        Yes\_\_\_ No\_\_\_     Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6.        Yes\_\_\_ No\_\_\_     Have you had the opportunity to discuss the benefits and risks of developing and operating an Intelligent Leadership Executive Coaching Franchise with an existing Intelligent Leadership Executive Coaching franchisee?
7.        Yes\_\_\_ No\_\_\_     Do you understand the risks of developing and operating an Intelligent Leadership Executive Coaching Franchise?
8.        Yes\_\_\_ No\_\_\_     Do you understand the success or failure of your Intelligent Leadership Executive Coaching Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9.        Yes\_\_\_ No\_\_\_     Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Connecticut, if not resolved informally or by mediation?

10. Yes\_\_\_ No\_\_\_ Do you understand that you must satisfactorily complete the initial training program before we will allow your Intelligent Leadership Executive Coaching Franchise to open or consent to a transfer of the Intelligent Leadership Executive Coaching Franchise to you?
11. Yes\_\_\_ No\_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Intelligent Leadership Executive Coaching 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?
12. Yes\_\_\_ No\_\_\_ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, 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?
13. Yes\_\_\_ No\_\_\_ Do you agree that no 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 Intelligent Leadership Executive Coaching 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?
14. Yes\_\_\_ No\_\_\_ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Intelligent Leadership Executive Coaching Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments or exhibits to the Franchise Agreement will not be binding?
15. Yes\_\_\_ No\_\_\_ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Date \_\_\_\_\_

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

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

| Question Number | Explanation of Negative Response |
|-----------------|----------------------------------|
|                 |                                  |
|                 |                                  |
|                 |                                  |

**ATTACHMENT 6**  
**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

**ILLINOIS ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent  
Leadership Executive Coaching

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

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

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

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

**MARYLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

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

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

## **MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

- Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.



FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

**NORTH DAKOTA ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

4. The provision concerning limitation of actions is modified to provide that the statute of limitations under North Dakota Law will apply.

5. The provisions concerning mediation and arbitration are modified to also provide that the site of mediation shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the franchise agreement.

7. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. The franchise agreement is modified to also state that the franchisor defers the receipt of the initial franchise fee until all initial obligations owed to the franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee is open for business.

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

**RHODE ISLAND ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

**WASHINGTON ADDENDUM  
TO THE FRANCHISE AGREEMENT, QUESTIONNAIRE, AND RELATED  
AGREEMENTS**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchise agreement is amended to also provide: “Initial franchisee fees will be deferred until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.”

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

**WISCONSIN ADDENDUM  
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:

FRANCHISOR: Performance Enhancement  
Franchising LLC d/b/a Intelligent Leadership  
Executive Coaching

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

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

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

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

**EXHIBIT B**

**LIST OF CURRENT AND FORMER FRANCHISEES**



**Current Franchisees as of December 31, 2021:**

The following is a list of the names, addresses, and telephone numbers of our current franchisees:

| Last Name     | First Name | Entity Name        | Address                     | City             | State      | Zip Code | Phone          | E-mail                                  |
|---------------|------------|--------------------|-----------------------------|------------------|------------|----------|----------------|-----------------------------------------|
| Burt          | John       | JEB Coaching       | 655 Busch Garden Dr         | Pasadena         | California | 91105    | (720) 235-9370 | jburt@intelligentleadershipec.com       |
| Gustafson     | Jeremy     |                    | 185 Montag Circle, Unit 102 | Atlanta          | Georgia    | 30307    | (678) 873-3792 | jgustafson@intelligentleadershipec.com  |
| Spoonhour     | Dennis     |                    | 13332 Medina Drive          | Orland Park      | Illinois   | 60462    | (847) 946-9380 | dspoonhour@intelligentleadershipec.com  |
| Fragnoli      | Al         |                    | 14888 Patterson Drive       | Shelby Twp       | Michigan   | 48315    | (586) 344-9864 | afragnoli@intelligentleadershipec.com   |
| Tarantino     | Donna      | Pinkbrella LLC     | 8040 Lakebridge Lane        | Victoria         | Minnesota  | 55386    | (267) 391-8587 | dtarantino@intelligentleadershipec.com  |
| Shumaker      | Ronny      | Coach Shu Inc.     | 2882 Benchwood Road         | Dayton           | Ohio       | 45414    | (937) 925-5005 | rshumaker@intelligentleadershipec.com   |
| Hope*         | John       | The Hope Cos LLC   | 718 4th Ave N               | Nashville        | Tennessee  | 37219    | (910) 916-0925 | jhope@intelligentleadershipec.com       |
| Turner        | Ted        |                    | 224 Liberty Bell Lane       | Dripping Springs | Texas      | 78620    | (281) 381-9286 | tturner@intelligentleadershipec.com     |
| Baron         | Richard    | BRL Leadvisor, Inc | 625 S Teresa St             | Kaysville        | Utah       | 84037    | (801) 835-3535 | rbaron@intelligentleadershipec.com      |
| Carrera       | Cal        |                    | 300 E. 700 N.               | Orem             | Utah       | 84057    | (910) 691-8188 | ccarrera@intelligentleadershipec.com    |
| Johnson       | Scott      |                    | 301 Storck Rd.              | Fredricksburg    | Virginia   | 22406    | (540) 656-3311 | sjohnson@intelligentleadershipec.com    |
| Van der Vaart | Dirk       | Channelmark Inc.   | 39274 Snow Lane             | Lovettsville     | Virginia   | 20180    | (703) 389-9964 | dvandervaat@intelligentleadershipec.com |
| Durham        | Jean       |                    | 519 Front Street, Apt. 411  | Norfolk          | Virginia   | 23510    | (808) 341-7447 | jdurham@intelligentleadershipec.com     |
| Pierce        | Dennis     |                    | 9534 NE 140th Street.       | Kirkland         | Washington | 98034    | (206) 369-2437 | dpierce@intelligentleadershipec.com     |

\*Currently operating 3 outlets

**Franchise Agreement Signed But Outlet Not Yet Open (as of 12/31/2021):**

**NONE**

**Former Franchisees:**

The following is a list of Franchisees who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date 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.

**NONE**

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**



**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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*Independent Auditor's Report*

To the Members  
Performance Enhancement Franchising, LLC  
dba Intelligent Leadership Executive Coaching  
Southbury, Connecticut

Opinion

We have audited the accompanying financial statements of Performance Enhancement Franchising, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of loss and members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Performance Enhancement 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 Performance Enhancement 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.

*Ellsworth & Stout, LLC*

February 21, 2022  
Las Vegas, NV

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC**  
**DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

|                                                        | <u>2021</u>              | <u>2020</u>              |
|--------------------------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                                          |                          |                          |
| <b>Current Assets:</b>                                 |                          |                          |
| Cash                                                   | \$ 130,115               | \$ 386,134               |
| Accounts receivable, net                               | 80,225                   | 150,000                  |
| Member advance                                         | -                        | 143,995                  |
| Prepaid expenses                                       | 2,265                    | -                        |
| Current maturities of deferred contract costs          | <u>54,218</u>            | <u>25,382</u>            |
| Total current assets                                   | 266,823                  | 705,511                  |
| <b>Other Assets:</b>                                   |                          |                          |
| Deferred contract costs, net of current                | <u>408,348</u>           | <u>203,052</u>           |
| <b>Total Assets</b>                                    | <u><u>\$ 675,171</u></u> | <u><u>\$ 908,563</u></u> |
| <b>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</b>       |                          |                          |
| <b>Current Liabilities:</b>                            |                          |                          |
| Accounts payable                                       | \$ 11,955                | \$ 8,109                 |
| Accrued expenses                                       | 115,762                  | 5,942                    |
| Due to related party                                   | 29,999                   | 103,983                  |
| Current maturities of deferred franchise fees          | <u>101,925</u>           | <u>59,175</u>            |
| Total current liabilities                              | 259,641                  | 177,209                  |
| <b>Long-Term Liabilities:</b>                          |                          |                          |
| Deferred franchise fees, net of current                | <u>756,225</u>           | <u>473,400</u>           |
| <b>Total Liabilities</b>                               | 1,015,866                | 650,609                  |
| <b>Members' Equity (Deficit)</b>                       | <u>(340,695)</u>         | <u>257,954</u>           |
| <b>Total Liabilities and Members' Equity (Deficit)</b> | <u><u>\$ 675,171</u></u> | <u><u>\$ 908,563</u></u> |

*See accompanying notes to the financial statements.*



**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
STATEMENTS OF LOSS AND MEMBERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|                                               | <b>2021</b>         | <b>2020</b>       |
|-----------------------------------------------|---------------------|-------------------|
| <b>Revenue</b>                                | \$ 422,845          | \$ 253,800        |
| <b>Cost of Revenue</b>                        | 363,667             | 41,444            |
| <b>Gross Profit</b>                           | 59,178              | 212,356           |
| <b>Operating Expenses:</b>                    |                     |                   |
| Outside services                              | 209,938             | 78,005            |
| Payroll and payroll related taxes             | 172,149             | 72,051            |
| Legal and professional fees                   | 69,976              | 53,543            |
| Advertising                                   | 67,175              | 9,250             |
| Computer and technology                       | 8,971               | 6,358             |
| Bad debt expense                              | 6,000               | -                 |
| Bank charges                                  | 3,405               | 1,313             |
| Insurance                                     | 3,338               | -                 |
| Office expenses                               | 826                 | -                 |
| Taxes and licenses                            | 470                 | 4,882             |
| Travel, meals and entertainment               | 461                 | -                 |
| Total operating expenses                      | 542,709             | 225,402           |
| <b>Loss from Operations</b>                   | (483,531)           | (13,046)          |
| <b>Other Income (Expense):</b>                |                     |                   |
| Other income                                  | 4,882               | -                 |
| <b>Net Loss</b>                               | (478,649)           | (13,046)          |
| <b>Members' Equity, Beginning of Year</b>     | 257,954             | -                 |
| Member contributions                          | -                   | 271,000           |
| Member distributions                          | (120,000)           | -                 |
| <b>Members' Equity (Deficit), End of Year</b> | <u>\$ (340,695)</u> | <u>\$ 257,954</u> |

*See accompanying notes to the financial statements.*

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

|                                                                                           | <u>2021</u>              | <u>2020</u>              |
|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Cash Flows From Operating Activities:</b>                                              |                          |                          |
| Net loss                                                                                  | \$ (478,649)             | \$ (13,046)              |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                          |                          |
| Bad debt expense                                                                          | 172,149                  | -                        |
| Changes in:                                                                               |                          |                          |
| (Increase) decrease in accounts receivable                                                | (102,374)                | (150,000)                |
| (Increase) decrease in prepaid expenses                                                   | (2,265)                  | -                        |
| (Increase) decrease in deferred contract costs                                            | (234,132)                | (228,434)                |
| Increase (decrease) in accounts payable                                                   | 3,846                    | 8,109                    |
| Increase (decrease) in accrued expenses                                                   | 109,820                  | 5,942                    |
| (Increase) decrease in due to related party                                               | (73,984)                 | 103,983                  |
| Increase (decrease) in deferred franchise fees                                            | 325,575                  | 532,575                  |
| Net cash provided by (used in) operating activities                                       | <u>(280,014)</u>         | <u>259,129</u>           |
| <b>Cash Flows From Financing Activities:</b>                                              |                          |                          |
| Member advance                                                                            | 143,995                  | (143,995)                |
| Member capital contributions                                                              | -                        | 271,000                  |
| Member distributions                                                                      | (120,000)                | -                        |
| Net cash provided by financing activities                                                 | <u>23,995</u>            | <u>127,005</u>           |
| <b>Net Change in Cash</b>                                                                 | (256,019)                | 386,134                  |
| <b>Cash, Beginning of Year</b>                                                            | <u>386,134</u>           | <u>-</u>                 |
| <b>Cash, End of Year</b>                                                                  | <u><u>\$ 130,115</u></u> | <u><u>\$ 386,134</u></u> |

*See accompanying notes to the financial statements.*

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Performance Enhancement Franchising, LLC dba Intelligent Leadership Executive Coaching (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Business**

The Company was organized on December 18, 2019 as a limited liability company under the laws of the state of Connecticut. The Company offers a franchise opportunity to establish a business that offers executive business coaching services to individuals and organizations in all industries and a variety of sizes including small, midsize, global, Fortune 100, entrepreneurial, and startups.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Use of Estimates in Preparation of Financial Statements**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

|                                 | 2021             | 2020              |
|---------------------------------|------------------|-------------------|
| Accounts receivable             | \$ 86,225        | \$ 150,000        |
| Allowance for doubtful accounts | (6,000)          | -                 |
| Accounts receivable, net        | <u>\$ 80,225</u> | <u>\$ 150,000</u> |

**Revenue Recognition**

The Company executes franchise agreements for each multi and single unit franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each single unit franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The Company has determined that the services provided in exchange for initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

|                          | 2021              | 2020              |
|--------------------------|-------------------|-------------------|
| Deferred franchise fees  | \$ 858,150        | \$ 532,575        |
| Less: current maturities | (101,925)         | (59,175)          |
|                          | <u>\$ 756,225</u> | <u>\$ 473,400</u> |

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

|            |                   |
|------------|-------------------|
| 2022       | \$ 101,925        |
| 2023       | 101,926           |
| 2024       | 101,926           |
| 2025       | 101,926           |
| 2026       | 101,926           |
| Thereafter | <u>348,521</u>    |
|            | <u>\$ 858,150</u> |

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

Training fees are recognized as revenue upon the completion of initial training.

Continuing fees are recognized monthly, as they are earned.

Additionally, the Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheet. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

|                          | 2021              | 2020              |
|--------------------------|-------------------|-------------------|
| Deferred contract costs  | \$ 462,566        | \$ 228,434        |
| Less: current maturities | (54,218)          | (25,382)          |
|                          | <u>\$ 408,348</u> | <u>\$ 203,052</u> |

The Company has determined that brand building activities provided to the franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' equity (deficit) under the caption "revenue". Expenses incurred to provide brand building services are presented on the statements of loss and members' equity (deficit) under the caption "cost of revenue".

**Advertising**

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2021 and 2020, total advertising costs were \$67,175 and \$9,250, respectively.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal income taxes has been included in the accompanying financial statements. The state of Connecticut imposes an entity level tax on pass-through entities. For the years ended December 31, 2021 and 2020, the Company accrued estimated tax liabilities of \$0 and \$4,882, respectively.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2021, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2019.

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021 AND 2020**

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**NOTE 2 – RELATED PARTY TRANSACTIONS**

TES Franchising, LLC is 100% owned by Terry Powell, managing member of the Company. The Company makes payments to TES Franchising, LLC for placement fees in connection with franchise agreements. During the years ended December 31, 2021 and 2020, the Company incurred \$164,000 and \$253,816, respectively, of such costs. The Company also reimburses TES Franchising, LLC for payroll related costs of shared employees. During the years ended December 31, 2021 and 2020, the Company reimbursed \$172,149 and \$72,051, respectively, of such costs. As of December 31, 2021 and 2020, the Company had outstanding balances of \$29,999 and \$103,983, respectively, due to TES Franchising, LLC.

As of December 31, 2021 and 2020, the Company had outstanding member advances of \$0 and \$143,995, respectively. Member advances are non-interest bearing and due on demand. During 2021 and 2020, the Company also incurred consulting expenses to this member in the amounts of \$143,995 and \$78,005, respectively.

**NOTE 3 – REVENUE RECOGNITION**

As of December 31, the timing and recognition of revenue was as follows:

|                                         | 2021              | 2020              |
|-----------------------------------------|-------------------|-------------------|
| Services transferred at a point in time | \$ 320,920        | \$ 194,625        |
| Services transferred over time          | 101,925           | 59,175            |
|                                         | <u>\$ 422,845</u> | <u>\$ 253,800</u> |

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2021 AND 2020**

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**NOTE 5 – MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 21, 2022, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

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**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**





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**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
FINANCIAL STATEMENTS  
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*Independent Auditor's Report*

To the Members  
Performance Enhancement Franchising, LLC  
dba Intelligent Leadership Executive Coaching  
Southbury, Connecticut

We have audited the accompanying financial statements of Performance Enhancement Franchising, LLC dba Intelligent Leadership Executive Coaching, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and members' equity, and cash flows for the year ended December 31, 2020 and for the period December 18, 2019 (date of inception) to December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Performance Enhancement Franchising, LLC dba Intelligent Leadership Executive Coaching as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the year ended December 31, 2020 and for the period from December 18, 2019 (date of inception) to December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

*Ellsworth & Stout, LLC*

March 1, 2021  
Las Vegas, NV



The CPA Honor Understanding The Value

Acuity Financial Center  
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Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC**  
**DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING**  
**BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

|                                               | <u>2020</u>       | <u>2019</u> |
|-----------------------------------------------|-------------------|-------------|
| <b>ASSETS</b>                                 |                   |             |
| <b>Current Assets:</b>                        |                   |             |
| Cash                                          | \$ 386,134        | \$ -        |
| Accounts receivable, net                      | 150,000           | -           |
| Due from member                               | 143,995           | -           |
| Current maturities of deferred contract costs | 25,382            | -           |
| Total current assets                          | 705,511           | -           |
| <b>Other Assets:</b>                          |                   |             |
| Deferred contract costs, net of current       | 203,052           | -           |
| <b>Total Assets</b>                           | <u>\$ 908,563</u> | <u>\$ -</u> |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>        |                   |             |
| <b>Current Liabilities:</b>                   |                   |             |
| Accounts payable                              | \$ 8,109          | \$ -        |
| Accrued expenses                              | 5,942             | -           |
| Due to related party                          | 103,983           | -           |
| Current maturities of deferred franchise fees | 59,175            | -           |
| Total current liabilities                     | 177,209           | -           |
| <b>Long-Term Liabilities:</b>                 |                   |             |
| Deferred franchise fees, net of current       | 473,400           | -           |
| <b>Members' Equity</b>                        | 257,954           | -           |
| <b>Total Liabilities and Members' Equity</b>  | <u>\$ 908,563</u> | <u>\$ -</u> |

*See accompanying notes to the financial statements.*

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
STATEMENTS OF INCOME AND MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020 AND FOR THE PERIOD  
DECEMBER 18, 2019 (DATE OF INCEPTION) TO DECEMBER 31, 2019**

|                                             | <b>2020</b> | <b>12/18/19<br/>to 12/31/19</b> |
|---------------------------------------------|-------------|---------------------------------|
| <b>Revenue</b>                              | \$ 253,800  | \$ -                            |
| <b>Cost of Revenue</b>                      | 41,444      | -                               |
| <b>Gross Profit</b>                         | 212,356     | -                               |
| <b>Operating Expenses:</b>                  |             |                                 |
| Advertising                                 | 9,250       | -                               |
| Bank charges                                | 1,313       | -                               |
| Computer and technology                     | 6,358       | -                               |
| Legal and professional fees                 | 53,543      | -                               |
| Outside services                            | 78,005      | -                               |
| Payroll and payroll related taxes           | 72,051      | -                               |
| Taxes and licenses                          | 4,882       | -                               |
| Total operating expenses                    | 225,402     | -                               |
| <b>Net loss</b>                             | (13,046)    | -                               |
| <b>Members' Equity, Beginning of Period</b> | -           | -                               |
| Member contributions                        | 271,000     | -                               |
| <b>Members' Equity, End of Period</b>       | \$ 257,954  | \$ -                            |

*See accompanying notes to the financial statements.*

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020 AND FOR THE PERIOD  
DECEMBER 18, 2019 (DATE OF INCEPTION) TO DECEMBER 31, 2019**

|                                                                                    | <b>2020</b> | <b>12/18/19<br/>to 12/31/19</b> |
|------------------------------------------------------------------------------------|-------------|---------------------------------|
| <b>Cash Flows From Operating Activities:</b>                                       |             |                                 |
| Net loss                                                                           | \$ (13,046) | \$ -                            |
| Adjustments to reconcile net loss to net cash<br>provided by operating activities: |             |                                 |
| Changes in:                                                                        |             |                                 |
| (Increase) decrease in accounts receivable                                         | (150,000)   | -                               |
| (Increase) decrease in deferred contract costs                                     | (228,434)   | -                               |
| Increase (decrease) in accounts payable                                            | 8,109       | -                               |
| Increase (decrease) in accrued expenses                                            | 5,942       | -                               |
| (Increase) decrease in due to related party                                        | 103,983     | -                               |
| Increase (decrease) in deferred franchise fees                                     | 532,575     | -                               |
| Net cash provided by operating activities                                          | 259,129     | -                               |
| <b>Cash Flows From Financing Activities:</b>                                       |             |                                 |
| Member loans                                                                       | (143,995)   | -                               |
| Member capital contributions                                                       | 271,000     | -                               |
| Net cash provided by financing activities                                          | 127,005     | -                               |
| <b>Net Change in Cash</b>                                                          | 386,134     | -                               |
| <b>Cash, Beginning of Period</b>                                                   | -           | -                               |
| <b>Cash, End of Period</b>                                                         | \$ 386,134  | \$ -                            |

*See accompanying notes to the financial statements.*

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Performance Enhancement Franchising, LLC dba Intelligent Leadership Executive Coaching (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Business**

The Company was organized on December 18, 2019 as a limited liability company under the laws of the state of Connecticut. The Company offers a franchise opportunity to establish a business that offers executive business coaching services to individuals and organizations in all industries and a variety of sizes including small, midsize, global, Fortune 100, entrepreneurial, and startups.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Use of Estimates in Preparation of Financial Statements**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.



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**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

As of December 31, 2020, accounts receivable consisted of the following balances:

|                                 |                   |
|---------------------------------|-------------------|
| Accounts receivable             | \$ 150,000        |
| Allowance for doubtful accounts | -                 |
| Accounts receivable, net        | <u>\$ 150,000</u> |

**Revenue Recognition**

From 2014 through 2018, the Financial Accounting Standards Board ("FASB") issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries ("Topic 606"). The Company adopted Topic 606 at the beginning of the period ended December 31, 2020. Below is a discussion of how the Company's revenues are earned, subsequent to the adoption of Topic 606 and other required disclosures.

The Company executes franchise agreements for each multi and single unit franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each single unit franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Upon the adoption of Topic 606, the Company has determined that the services provided in exchange for initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, 2020, deferred franchise fees consisted of the following:

|                          |                   |
|--------------------------|-------------------|
| Deferred franchise fees  | \$ 532,575        |
| Less: current maturities | <u>(59,175)</u>   |
|                          | <u>\$ 473,400</u> |

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

|            |    |                |
|------------|----|----------------|
| 2021       | \$ | 59,176         |
| 2022       |    | 59,176         |
| 2023       |    | 59,176         |
| 2024       |    | 59,176         |
| 2025       |    | 59,176         |
| Thereafter |    | 236,695        |
|            | \$ | <u>532,575</u> |

Training fees are recognized as revenue upon the completion of initial training. The timing and amount of revenue recognized related to initial training fees was not impacted by the adoption of Topic 606.

Continuing fees are recognized monthly, as they are earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

Additionally, the Company incurs incremental costs in the course of obtaining franchise agreements. Due to the adoption of Topic 606, the Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheet. Costs for these incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, 2020, deferred contract costs consisted of the following:

|                          |    |                |
|--------------------------|----|----------------|
| Deferred contract costs  | \$ | 228,434        |
| Less: current maturities |    | (25,382)       |
|                          | \$ | <u>203,052</u> |

In accordance with the provisions of Topic 606, the Company has determined that brand building activities provided to the franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statement of income and members' equity under the caption "revenue". Expenses incurred to provide brand building services are presented on the statement of income and members' equity under the caption "cost of revenue".



**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Advertising**

Advertising costs are expensed when incurred or the first time such advertisement appears. For the year ended December 31, 2020, total advertising costs were \$9,250.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal income taxes has been included in the accompanying financial statements. The state of Connecticut imposes an entity level tax on pass-through entities. For the period ended December 31, 2020, the Company accrued an estimated tax liability of \$4,882.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2020, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2019.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

TES Franchising, LLC is 100% owned by Terry Powell, managing member of the Company. The Company makes payments to TES Franchising, LLC for placement fees in connection with franchise agreements. During the year ended December 31, 2020, the Company incurred \$253,816 of such costs. The Company also reimburses TES Franchising, LLC for payroll related costs of a shared employee. During the year ended December 31, 2020, the Company reimbursed \$72,051 of such costs. As of December 31, 2020, the Company had an outstanding balance of \$103,983 due to TES Franchising, LLC.

As of December 31, 2020, the Company had an outstanding loan balance of \$143,995, due from a member of the Company. This loan is non-interest bearing and due on demand. During 2020, the Company also paid consulting expenses to this member in the amount of \$78,005.

**NOTE 3 – REVENUE RECOGNITION**

As of December 31, 2020, the timing and recognition of revenue was as follows:

|                                         |           |                |
|-----------------------------------------|-----------|----------------|
| Services transferred at a point in time | \$        | 194,625        |
| Services transferred over time          |           | 59,175         |
|                                         | <u>\$</u> | <u>253,800</u> |

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**PERFORMANCE ENHANCEMENT FRANCHISING, LLC  
DBA INTELLIGENT LEADERSHIP EXECUTIVE COACHING  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2020 AND 2019**

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**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.

**NOTE 5 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 1, 2021, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

**EXHIBIT D**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

| <b>State</b>       | <b>State Administrator</b>                                                                                                                                                                                                                        | <b>Agent for Service of Process</b>                                                                                                                                                                                             |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>California</b>  | Department of Financial<br>Protection and Innovation<br>320 West 4th Street<br>Los Angeles, CA 90013<br><br>2101 Arena Boulevard<br>Sacramento, CA 95834<br>1-866-275-2677                                                                        | Commissioner of Financial<br>Protection and Innovation<br>Department of Financial<br>Protection and Innovation<br>320 West 4th Street<br>Los Angeles, CA 90013                                                                  |
| <b>Connecticut</b> | The Banking Commissioner<br>The Department of Banking,<br>Securities and Business<br>Investment Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>Phone Number (860) 240-8299                                                      | The Banking Commissioner<br>The Department of Banking,<br>Securities and Business<br>Investment Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>Phone Number (860) 240-8299                                    |
| <b>Hawaii</b>      | Commissioner of Securities of the<br>State of Hawaii<br>Department of Commerce and<br>Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Commissioner of Securities of the<br>State of Hawaii<br>Department of Commerce and<br>Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| <b>Illinois</b>    | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465                                                                                                                            | Illinois Attorney General<br>Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706                                                                                               |
| <b>Indiana</b>     | Secretary of State, Securities<br>Division<br>302 West Washington Street,<br>Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681                                                                                                               | Secretary of State, Securities<br>Division<br>302 West Washington Street,<br>Room E-111<br>Indianapolis, IN 46204                                                                                                               |
| <b>Kentucky</b>    | Kentucky Attorney General<br>700 Capitol Avenue<br>Frankfort, Kentucky 40601-3449<br>(502) 696-5300                                                                                                                                               |                                                                                                                                                                                                                                 |
| <b>Maryland</b>    | Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, MD 21202<br>(410) 576-6360                                                                                                                              | Maryland Securities<br>Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020                                                                                                                                           |

|                     |                                                                                                                                                                                        |                                                                                                                                                                      |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Michigan</b>     | Department of Attorney General<br>Consumer Protection Division –<br>Franchise Unit<br>525 W. Ottawa Street<br>G. Mennen Building<br>Lansing, MI 48913<br>(517) 373-7117                | Department of Attorney General<br>525 W. Ottawa Street<br>G. Mennen Building<br>Lansing, MI 48913                                                                    |
| <b>Minnesota</b>    | Minnesota Commissioner of<br>Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500                                                         | Minnesota Commissioner of<br>Commerce<br>85 7 <sup>th</sup> Place East, Suite 280<br>St. Paul, MN 55101-2198                                                         |
| <b>Nebraska</b>     | Nebraska Department of Banking<br>and Finance<br>1200 N Street-Suite 311<br>Post Office Box 95006<br>Lincoln, Nebraska 68509<br>(402) 471-3445                                         |                                                                                                                                                                      |
| <b>New York</b>     | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty St. 21 <sup>st</sup> Floor<br>New York, NY 10005<br>212-416-8285                                                     | New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, New York 12231-0001<br>(518) 473-2492 Phone                         |
| <b>North Dakota</b> | Securities Commissioner<br>North Dakota Securities<br>Department<br>600 East Boulevard Avenue<br>State Capital, Fifth Floor, Dept.<br>414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | Securities Commissioner<br>North Dakota Securities<br>Department<br>600 East Boulevard Avenue<br>State Capital, Fifth Floor, Dept.<br>414<br>Bismarck, ND 58505-0510 |
| <b>Rhode Island</b> | Department of Business<br>Regulation<br>Securities Division<br>John O. Pastore Complex<br>1511 Pontiac Avenue, Bldg. 69-1<br>Cranston, RI 02920<br>(401) 462-9588                      | Department of Business<br>Regulation<br>Securities Division<br>John O. Pastore Complex<br>1511 Pontiac Avenue, Bldg. 69-1<br>Cranston, RI 02920<br>(401) 462-9588    |
| <b>South Dakota</b> | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-773-3563                                                                | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501                                                                    |
| <b>Texas</b>        | Secretary of State<br>Statutory Document Section<br>P.O. Box 12887<br>Austin, TX 78711<br>(512) 475-1769                                                                               |                                                                                                                                                                      |
| <b>Utah</b>         | Department of Commerce                                                                                                                                                                 |                                                                                                                                                                      |

|                   |                                                                                                                                                                        |                                                                                                                                  |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                   | Division of Consumer Protection<br>160 East 300 South<br>Salt Lake City, Utah 84111-0804<br>(801) 530-6601                                                             |                                                                                                                                  |
| <b>Virginia</b>   | State Corporation Commission<br>Division of Securities and Retail<br>Franchising, 9 <sup>th</sup> Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of the State Corporation<br>Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219                           |
| <b>Washington</b> | Department of Financial<br>Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, WA 98507<br>(360) 902-8760                                                 | Securities Administrator<br>Washington State Department of<br>Financial Institutions<br>150 Israel Road SW<br>Tumwater, WA 98501 |
| <b>Wisconsin</b>  | Wisconsin Department of<br>Financial Institutions<br>345 West Washington Avenue<br>Madison, WI 53703<br>(608) 266-8557                                                 | Wisconsin Department of<br>Financial Institutions<br>345 West Washington Avenue<br>Madison, WI 53703                             |

**EXHIBIT E**

**OPERATIONS MANUAL  
TABLE OF CONTENTS**

|                                                                       |                            |
|-----------------------------------------------------------------------|----------------------------|
| Table of Contents                                                     | 5 Pages                    |
| 1. Purpose, Confidentiality, Acknowledgement of Receipt               | 5 pages plus attachments   |
| 2. Welcome, Introductions and Foundation                              | 7 pages plus attachments   |
| 3. ILEC Onboarding                                                    | 2 pages plus attachments   |
| 4. Becoming a Master Certified Intelligent Leadership Executive Coach | 8 pages plus attachments   |
| 5. ILEC Coaching Process and System Overview                          | 106 pages plus attachments |
| 6. Essential IL Executive Coaching Tools                              | 22 pages plus attachments  |
| 7. ILEC Marketing & Branding                                          | 47 pages plus attachments  |
| 8. ILEC Business Development                                          | 72 pages plus attachments  |
| 9. The 1 on 1 Client Journey                                          | 9 pages plus attachments   |
| 10. Conducting Cultural Assessment & Transformation Sessions          | 12 pages plus attachments  |
| 11. Conducting IL Workshops and Retreats                              | 5 pages plus attachments   |
| 12. Client Retention Recommendations & Referrals                      | 13 pages plus attachments  |
| 13. Accounting and Finance                                            | 11 pages plus attachments  |
| 14. ILEC Resource Library                                             | 8 pages plus attachments   |
| 15. Break to Educate Series                                           | 21 pages plus attachments  |
| 16. ILEC Training Videos                                              | 16 pages plus attachments  |
| 17. ILEC CRM Training Video                                           | 6 pages plus attachments   |
|                                                                       |                            |
|                                                                       |                            |
| Total Number of Pages                                                 | 375 pages plus attachments |

**EXHIBIT F**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**



## **CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

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

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

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 binding arbitration. The arbitration will occur in Southbury, Connecticut, with the costs being borne by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Connecticut. This provision may not be enforceable under California law.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [www.ilec.com](http://www.ilec.com)

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](http://www.dfpi.ca.gov).

## **HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

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, HI 96813

## **ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law applies.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.
4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Mandatory Minimum Payments.** You must make minimum advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

1. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, “This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

## **MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

## **NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

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

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.



## **NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the franchise agreement.

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Items 5 and 7 of the Disclosure Document are modified to also state that the franchisor defers the receipt of the initial franchise fee until all initial obligations owed to the franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee is open for business.

Item 17(u) of the Disclosure Document is modified to provide that the site of mediation or arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

## **VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the 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.

## **WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 5 is amended to also provide: “Initial franchisee fees will be deferred until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.”

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

## **WISCONSIN ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**EXHIBIT G-1**  
**INTELLIGENT LEADERSHIP EXECUTIVE COACHING**  
**FRANCHISE**

**GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching, a Connecticut limited liability company ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate an Intelligent Leadership Executive Coaching Business;

**WHEREAS**, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee (**enter into a successor franchise agreement**), and Franchisor has consented to such transfer (**agreed to enter into a successor franchise agreement**); and

**WHEREAS**, as a condition to Franchisor's consent to the transfer (**Franchisee's ability to enter into a successor franchise agreement**), Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent to the transfer (**Franchisor entering into a successor franchise agreement**), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the

franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Connecticut.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

*(Signatures on following page)*



**IN WITNESS WHEREOF**, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

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

Name: \_\_\_\_\_

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

Date \_\_\_\_\_

**FRANCHISEE'S OWNERS:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

**EXHIBIT G-2**  
**INTELLIGENT LEADERSHIP EXECUTIVE COACHING**  
**FRANCHISE**

**SYSTEM PROTECTION AGREEMENT**

This System Protection Agreement (“Agreement”) is entered into by the undersigned Key Individual (also referred to as “you” or “your”) and NAME OF FRANCHISEE (“us,” “we,” “our,” or “franchisee.”), and in favor of intended third party beneficiary, Performance Enhancement Franchising, LLC, a Connecticut limited liability company, and its successors and assigns (“ILEC”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers products and/or services the same as or similar to those offered at or sold by the Franchise or by any other ILEC Business, or by any ILEC Company Owned Business (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the ILEC Business (including, but not limited to, the services we authorize), but excludes an Intelligent Leadership Executive Coaching business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of an Intelligent Leadership Executive Coaching business or the solicitation or offer of an Intelligent Leadership Executive Coaching franchise, whether now in existence or created in the future.

“*Franchisee*” means the Intelligent Leadership Executive Coaching franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the assigned state where your ILEC Business is operated.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Key Individuals*” means Principal Owners, their spouses, your officers, directors, Principal Operators, and independent contractors or employees who have had access to the Confidential Information.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Intelligent Leadership Executive Coaching business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Operations Manual.

“*Manual*” means our Operations manual for the operation of an Intelligent Leadership Executive Coaching business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Intelligent Leadership Executive Coaching business, including “Intelligent Leadership Executive Coaching,” and any other trademarks, service marks, or trade names that we designate for use by an Intelligent Leadership Executive Coaching business. The term “Marks” also includes any distinctive trade dress used to identify an Intelligent Leadership Executive Coaching business, whether now in existence or hereafter created.

*“Prohibited Activities”* means you and all Key Individuals, agree to not directly or indirectly do any or all of the following: (a) induce, canvas, solicit, or request or advise any customers of ours, of the Franchise, or of any ILEC Franchisee to become customers of any person, firm, or business that competes with any Franchise, any other ILEC Business, or ILEC Company owned business; (b) induce, request, or advise any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business to terminate or decrease such customer’s relationship with us, any customer of ILEC, the Franchise, any ILEC Business or ILEC Company owned business; or (c) disclose to any other person, firm, partnership, corporation, or other entity the names, addresses, or telephone numbers of any customers of ILEC, of the Franchise, of any ILEC Business or of any ILEC Company owned business except as required by law.

*“Restricted Period”* means during the term of the Franchise and the period of two (2) years after the later of (i) the effective date of termination or expiration, or (ii) the date on which you stop operating the Franchise, or (iii) the date of a court order enforcing this Covenant; provided, however, that if a court or arbitrator of competent jurisdiction determines that the temporal restrictions in this section are overly broad, they shall be revised to restrictions the court deems reasonable.

*“Restricted Territory”* means the geographic area located or within a radius of : (i) at your location or within a radius of 50 miles of your location and franchised area, as may be defined in this Agreement, and within 50 miles of any other ILEC Business, or of any ILEC Company owned business; provided, however, that if a court or arbitrator of competent jurisdiction determines that the geographic restrictions in this section are overly broad, they shall be revised to restrictions the court deems reasonable.

*“System”* means our system for the establishment, development, operation, and management of an Intelligent Leadership Executive Coaching business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the Intelligent Leadership Executive Coaching business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Intelligent Leadership Executive Coaching business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Intelligent Leadership Executive Coaching business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted

Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Intelligent Leadership Executive Coaching franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Connecticut, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon

you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

**FRANCHISEE**

Date \_\_\_\_\_ Signature \_\_\_\_\_

\_\_\_\_\_  
Typed or Printed Name

**KEY INDIVIDUAL**

Date \_\_\_\_\_ Signature \_\_\_\_\_

\_\_\_\_\_  
Typed or Printed Name

## **EXHIBIT H**

### **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:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   |                       |
| Illinois     |                       |
| Maryland     |                       |
| Michigan     |                       |
| Minnesota    |                       |
| New York     |                       |
| North Dakota |                       |
| South Dakota |                       |
| Virginia     |                       |
| Washington   |                       |
| Wisconsin    |                       |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## **EXHIBIT H**

### **RECEIPT**

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

If Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement of the payment of any consideration that relates to the franchise relationship.

If Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency identified on Exhibit D.

The franchisor is Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching, located at 464 Heritage Road, Suite 3, Southbury, CT 06488. Its telephone number is 203-405-2120.

Issuance Date: April 15, 2022

The franchise seller for this offering is:

|   |                                                                               |
|---|-------------------------------------------------------------------------------|
| X | Terry Powell, 464 Heritage Road, Suite 3, Southbury, CT 06488; 203-405-2120   |
| X | Sheri Winesett, 464 Heritage Road, Suite 3, Southbury, CT 06488; 203-405-2120 |
|   | Susan Stilwell, 464 Heritage Road, Suite 3, Southbury, CT 06488; 203-405-2120 |
|   | Bill Dupuy, 464 Heritage Road, Suite 3, Southbury, CT 06488; 203-405-2120     |
|   | Trevor Maloney, 464 Heritage Road, Suite 3, Southbury, CT 06488; 203-405-2120 |
|   |                                                                               |
|   |                                                                               |

Performance Enhancement Franchising LLC d/b/a Intelligent Leadership Executive Coaching authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document issued April 15, 2022 which included the following exhibits:

Exhibit A      Franchise Agreement  
                    Attachment 1- Franchise Data Sheet  
                    Attachment 2- Ownership Interests in Franchise Owner  
                    Attachment 3- Owners Agreement  
                    Attachment 4-Automated Clearing House Payment Authorization

|             |                                                            |
|-------------|------------------------------------------------------------|
|             | Attachment 5-Franchise Disclosure Questionnaire            |
|             | Attachment 6- State Addenda to the Franchise Agreement     |
| Exhibit B   | List of Current and Former Franchisees                     |
| Exhibit C   | Financial Statements                                       |
| Exhibit D   | List of State Administrators/Agents for Service of Process |
| Exhibit E   | Operations Manual Table of Contents                        |
| Exhibit F   | State Addenda to the Disclosure Document                   |
| Exhibit G-1 | General Release Agreement                                  |
| Exhibit G-2 | System Protection Agreement                                |
| Exhibit H   | State Effective Dates                                      |
| Exhibit I   | Receipts                                                   |

|      |           |              |
|------|-----------|--------------|
|      |           |              |
| Date | Signature | Printed Name |

|      |           |              |
|------|-----------|--------------|
|      |           |              |
| Date | Signature | Printed Name |

**Please date, sign, and retain this copy for your records.**



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|       |           |              |
|-------|-----------|--------------|
| _____ | _____     | _____        |
| Date  | Signature | Printed Name |

|       |           |              |
|-------|-----------|--------------|
| _____ | _____     | _____        |
| Date  | Signature | Printed Name |

**Please date, sign, and return this copy to us.**