FRANCHISE DISCLOSURE DOCUMENT

A KINDERMOTION FRANCHISE

by Kinderdance International, Inc.
An Arizona Corporation
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The franchise offered is for the operation of a business to provide, movement, gymnastics, and fitness educational programs for children ages 3-12y. We offer 3 different franchise programs: Kindermotion, Kindergym and Kids Yoga . We award a marketing area consisting of approximately 400,000 population with approximately 250-400 marketing locations.

The total investment necessary to begin operation of a Kindermotion franchise is as follows:

Program	Initial Franchise Fee	Estimated Initial Investment Range
Kindermotion	$20,000	$24,400 - $27,175

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

This document is in PDF format. You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Karen Maltese at 800-554-2334 or karenmaltese@kindermotion.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.
There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: January 1, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 [Virginia]. 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 [Virginia] than in your own state.

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.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit F for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY [LITIGATION/ARBITRATION/MEDIATION] ONLY IN [VIRGINIA]. OUT-OF-STATE [LITIGATION/ARBITRATION/MEDIATION] MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO [LITIGATE/ARBITRATE/MEDIATE] WITH US IN [VIRGINIA] THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT [VIRGINIA] LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: _____

INFORMATION FOR PROSPECTIVE FRANCHISEES

REQUIRED BY FEDERAL TRADE COMMISSION

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TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20560

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EXHIBITS

Exhibit A Financial Statements
Exhibit B Franchise Agreement (with the following Schedules):

Schedule One: **Acknowledgement By Franchisee**
Schedule Two: **Territory**
Schedule Three: **Initial Supplies**
Schedule Four: **Glossary of Terms**
Schedule Seven: **Conversion/Renewal Addendum**
Schedule Nine: Assignment/Assumption Amendment
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Exhibit C Information on Franchise Brokers
Exhibit D Table of Contents Operations Manual
Exhibit E List of Franchisees; Franchisees Who Have Left the System
Exhibit F List of State Authorities/Agents for Service of Process
Exhibit G State Specific Regulations
Exhibit H Receipt

ITEM 1
THE FRANCHISOR, ITS PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Kinderdance International, Inc. and is referred to in this Disclosure Document as **"we," "us,"** or **"our." "You"** means a person who buys a franchise from us. If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also will apply to your owners. This Disclosure Document indicates when your owners also are covered by a particular provision.

We are an Arizona corporation, incorporated on April 15, 1982. Our principal business address is 5115 Bernard Drive Suite 205, Roanoke, VA. 24018. Our agent in this state for service of process is disclosed in Exhibit **F**. We conduct business under our corporate name, under the name "Kinderdance International" and under the service mark Kinderdance, Kindermotion and other marks.

Our Franchise Program.

We grant franchises for the operation of children's movement education businesses (**"Kindermotion Businesses"**) that use our primary service marks: K**INDERGYM, KINDERMOTION,** (the **"Marks"**) **and a KIDS YOGA program** in a specified geographic Territory (the **"Territory"**). Kindermotion Businesses operate under distinctive business formats, systems, methods, procedures, designs and specifications, all of which we may improve, further develop or otherwise modify from time to time (collectively, the **"Kindermotion System"**). Kindermotion Businesses work exclusively with the following Kindermotion Programs: KINDERMOTION, KINDERGYM, KIDS YOGA. We grant franchises for Kindermotion Businesses in accordance with our franchise agreement. A copy of it is attached as Exhibit **B**.

Our **KINDERMOTION** Programs, are designed and developed for three to twelve year-old children based on sound principle, theories, knowledge, and research findings in the field of early childhood movement education. The primary goal of the KINDERMOTION Programs is for each child to acquire a love for learning while feeling comfortable and confident with their individual movement potential and personality. The Programs are concerned with the total development of the child, including the perceptual motor, psychomotor, and affective domains. The programs teach movement and fitness with academics that are blended with numbers, colors, shapes, and words. They are developmental programs designed to meet the needs of Daycare Centers, Nursery Schools, and numerous other diversified locations.

The **KINDERMOTION** Program is a fitness program for 3-5-, 6-8-, and 9–12-year-old children. It is developmentally designed to encourage a love of physical activity by developing motor skills. Using imagery and age-appropriate movement education with a sports readiness focus, the program stresses overall fitness and good nutrition habits which prepares students minds and bodies for athletic and academic pursuits.

The **KINDERGYM** Program was designed to meet the needs of three- to five-year-old children desiring more emphasis in general movement, motor development, gymnastics and fitness blended with colors, numbers, shapes, and words.

The **KIDS YOGA** Program was designed for 3-5-, 6-8-, and 9–12-year-old children. It is a developmentally designed yoga-based movement program that uses an interdisciplinary

methodology that combines multiple intelligences that teach the total child in a non-competitive, all-inclusive, and nurturing environment. The program is non-religious and non-spiritual in its approach and content. Children learn the foundations of yoga through storytelling, creative imagery, music, songs, communication, use of props, and creative movement.

Collectively, we refer to these programs as the **"Kindermotion Programs."** They are taught at Child Care centers, Community Center, pre-schools, public and private schools, YMCA's, military bases, and numerous other diversified locations.

You are not required to maintain an office or studio to operate your Kindermotion Business, but you must operate according to our business formats, methods, procedures, designs, layouts, standards, and specifications.

Our Business.

We have been offering franchises since February 1, 1985. We were incorporated on April 15, 1982. We do not engage in other business activities other than described above and have not offered franchises in other lines of business. We have no affiliates, parents, or predecessors.

Competition.

You will be competing with other young children's movement, motor development, gymnastics, and fitness educational programs. Competitors may include public and private schools, YMCA's, academies, gymnastic programs, and schools, churches, and other providers of physical education for children. Your products and services will be offered to children in the general public. The market for children's movement education programs is developed in some areas and developing in other areas, depending on the existing programs in the particular area.

Regulations.

We are not aware of any federal, state, or local laws, regulations or ordinances that specifically relate to the operation of Kindermotion Businesses, other than those affecting businesses generally. Most of the sites in which you will teach will be daycare centers or educational institutions that may have to comply with various federal, state, and local laws, rules and regulations. However, those laws, rules and regulations should not affect your operation and we are not aware of any special licensing required to operate at those locations.

Nevertheless, we are aware of at least one instance in which a local California regulator took the position that the instructors for Kinderdance Businesses needed to comply with various requirements of the California health and safety code for licensees of child daycare centers. We were able to resolve the matter without the need for any special licensing. It is possible that other California regulators, as well as regulators of other states, may take similar positions.

State pre-kindergarten programs have grown dramatically in the last two decades, and much more attention is being paid to the school readiness of children. In 1980, there were only 10 state programs; now at least 38 states and the District of Columbia have one or more pre-kindergarten initiatives. By one estimate, these programs serve about 740,000 children, at a cost of over $2.5 billion in state funds. Most state programs are part-day, part-year and targeted to a limited number of four-year olds based on family income or other risk factors for school success. Six states (or more) – Georgia, New Jersey, New York,

Oklahoma, West Virginia, and Wisconsin- have policies in place or a goal to move toward universal access to pre-kindergarten, and other state and federal leaders are contemplating universal access as well. In delivering their pre-kindergarten programs, states are taking one of two principal approaches. States are choosing to:

1. Offer pre-kindergarten programs exclusively in public schools or
2. Offer pre-kindergarten programs in schools and other settings including private childcare centers and/or community-based childcare.

In those states that offer State funded pre-kindergarten programs you may be required to adjust your class times so as not to interfere with the State funded class schedule and a portion of your age-appropriate children may be available only in Public school after school programs or in off-site locations other than childcare centers.

A complete report on this subject is available on the internet at www.clasp.org .

There are several private music licensing companies that may require Franchisees to pay a licensing fee in order to use music for which the licensing companies have licensing authorization. The basic Kindermotion original music is exempt from these fees.

ITEM 2
BUSINESS EXPERIENCE

President / CEO: Richard Maltese

Mr. Maltese has been Vice President of Franchise Development since 2006. His expertise is in franchise sales and development, marketing, and business ownership. He has owned and operated businesses and is now the President / CEO and Owner.

Vice President of Franchise Development: Karen Maltese

Ms. Maltese has been Vice President of Franchise Development since 2013. Her expertise is in franchise sales and development, marketing, education, accounting, and reporting. From 2006 to 2013 she was General Accountant and Special Programs for Brevard County School Systems in Viera, FL.
See Exhibit **C** for information on any franchise brokers we use.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Disclosure Document.
See Exhibit **C** for any litigation involving franchise brokers.

ITEM 4
BANKRUPTCY

The franchisor; any parent; predecessor; affiliate; officer, or general partner of the franchisor, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this document, has, during the 10-year period immediately before the date of this disclosure document has NOT:

(1) Filed as debtor (or had filed against it) a petition under the United States Bankruptcy Code (Bankruptcy Code).
(2) Obtained a discharge of its debts under the Bankruptcy Code.

(3) Been a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition under the Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code while, or within one year after, the officer or general partner held the position in the company.

ITEM 5
INITIAL FRANCHISE FEE

The Initial Franchise Fee for the Kindermotion franchise is $20,000 in a non-exclusive area You are awarded a marketing area consisting of approximately 400,000 in population with approximately 250-400 marketing locations. You must pay the initial franchise fee in cash in a lump sum when you sign the Franchise Agreement. This fee is fully earned when the franchise agreement is executed and is non-refundable.

ITEM 6
OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Initial Inventory	$100	During initial training	You are expected to keep a small inventory of chldren's clothing items for resale.
Royalty[2,4,5,6] -	Minimum of $200 per month or a percentage of 12% of your monthly Gross Sales, whichever is more.	Payable on 10th day of each month.	Gross Sales are the total of all services sold and all income you derive from operating the Kindermotion Business. The obligation to pay the minimum royalty of $200 per month does not commence until the beginning of the 6th calendar month after completion of training.
Advertising Contribution	3% of monthly Gross Sales	Payable on 10th day of each month	These funds are added to the Advertising Fund and used to advertise.
Training of your Employees	After your initial training and outside of our regular training sessions it would be $1000 per employee, plus expenses, if we train at Roanoke, VA. $150 per training kit may be required for each employee if we have certified you to train and you train.	15 days after billing	We provide initial training for 1 person **at no additional charge.** Training of your employees is provided if requested by you. You must also pay travel and lodging costs if we train. We usually certify you to train your employees, in which case you might purchase a training kit for each employee you train.
Kits	You will be **required** to purchase a Media Kit $600.00 and initial start up supplies$1000	During Initial Training	See franchise agreement glossary of terms for description of the kits

Name of Fee[1]	Amount	Due Date	Remarks
Additional Materials	Amount determined by our materials price list from time to time	15 days after billing	You may purchase additional materials from us from time to time.
Transfer Fee	$3,000	Prior to consummation of transfer	If you sell your franchise. Payable when the Franchise Agreement or a controlling interest in you is transferred.
Renewal Fee	10% of our then current initial franchise fee	Upon signing new franchise agreement	Our renewal franchise fee
Audit	Cost of inspection or audit	15 days after billing	Payable only if you fail to furnish reports, supporting records or other required information or if you underpay us by 5% or more for the audit period.
Interest	Lesser of 1.5% per month or highest contract rate of interest allowed by law	15 days after billing	Payable on all overdue amounts. Begins from the date of underpayment.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us for our defense costs and damages if claims are made against us arising from your Kindermotion Business operations.
Testing	Cost of Testing	15 days after billing	This covers the costs of testing new products or inspecting new suppliers you propose.
Penalty (FINE)[5]	$250.00	As incurred	Payable per annual conference for any of the first three conferences not attended after initial training.
On Site Training[3]	$1000.00 per diem plus lodging and travel expense	As incurred	Payable in advance when Franchisee requests additional on-site training not included with initial Franchise Fee.

1 All fees are imposed by and payable to us. All fees are non-refundable.

2 You must also pay any federal, state, or local taxes imposed on the royalties, in accordance with applicable laws and regulations.

3 You must pay for your trainees' and attendees' salaries and benefits, and for their travel, lodging and meal expenses. If you request our trainers or if they must travel to give you training, you must pay us the then-current per diem charges for those trainers and must reimburse us for their actual and reasonable travel, lodging and meal expenses.

4 The minimum monthly Royalty is payable for the remainder of the term upon early termination, per Franchise Agreement section 17.1.

5 Should you fail to attend any of the first three annual conferences after your initial training, you will be subject to a fine in the amount of Two Hundred Fifty Dollars ($250.00) per absence; as per Franchise Agreement section 5.3.

6 All Kit pricing is for USA, Puerto Rico & Canada. Contact us for International pricing for kits.

ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

Expenditures	Estimated Amount or Estimated Low-High Range	When Payable	Method of Payment	Whether Refundable	To Whom Paid
Initial Franchise Fee (1) Initial Inventory Kit(s)	$20,000 $100 $1600	On signing Franchise Agreement – Kits During training	Lump Sum	No	Us
Travel and Living Expenses while Training (2)	$450-$1,000	During training	As Incurred	No	Third Parties
Insurance (3)	$400-$600	Annually	As Agreed	No	Insurers
Additional Funds (4)	$1,850-$3,875(4)	As Incurred	As Incurred	No	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (5)	$24,400-$27,175				

Explanatory Notes.

1. The current initial franchise fee is $20,000.00 is payable in a lump sum in cash upon the signing of the Franchise Agreement. See Item 5 for details. The initial franchise fee is non-refundable.

2. Travel and living expenses during training can vary greatly, depending on the distance traveled to the training center, mode of transportation, type of accommodations, and style of living.

3. You must maintain comprehensive general liability insurance with a limit of not less than $1 million. An estimated annual premium for that insurance is $350.00 to $400.00. In addition, you must maintain automobile liability insurance with a $500,000 combined single limit or a $250,000/$500,000 split limit, and worker's compensation or similar insurance as required by law on all employees. Most franchisees already carry automobile liability insurance equaling or exceeding the type required or are able to upgrade their insurance to the type required for an estimated annual cost of $100.00 to $200.00. An estimated annual premium for worker's compensation insurance is $45 to $450, based on estimated premium rates of $.50 to $1.00 per $100 of salary paid.

4. You may need these additional funds to operate the franchised business during its 6-month initial phase to cover operating expenses which are in excess of typical start-up revenues. These include expenses including marketing, promotional, travel, office supply, teacher training, printing, camcorder and telephone expenses, and monthly royalty and advertising fees. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales Level reached during the initial period.

5. We relied on our many years of experience to compile these estimates. We have based our estimates on the assumption that you will operate your Kindermotion Business from your home and will not need to lease office space. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchase Restrictions.

You are not currently required to purchase or lease anything from us, our designee, or a designated supplier, relating to the establishment or operation of a Kindermotion Business except for an initial inventory package and any applicable program and media kits. We offer "Kindermotion Products" such as shirts, clothing and other items for sale. You may purchase them for resale to customers at your option. Currently, we are the only supplier of Kindermotion logoed products. We do not earn any revenues from your purchases in accordance with our specifications and standards, other than from the sale of products. In the year ending December 31, 2023 our revenues from the sale of products to Franchise owners for resale was $29941 or 7.9% of our total revenues of $384801

Specifications and Standards.

You must operate your Kindermotion Business according to our System Standards. System Standards may regulate, among other things, the types, models and brands of suggested equipment, signs, products, materials and supplies to be used in operating your Kindermotion Business. Our System Standards may impose minimum requirements for delivery, performance, warranties, design, appearance, and other restrictions. We will notify you in our Operations Manual or other communications, of our standards and specifications.

If you want to use any item that does not meet our System Standards, you must first submit to us sufficient information, specifications, and samples. This information may include photographs. We will then determine whether the item complies with our System Standards. We may charge you a reasonable fee to cover the costs we incur in making this determination. We will notify you of our decision within a reasonable time. We may base our decision on such factors as quality and reliability. We do not require you to purchase from approved or designated suppliers, except for the Kindermotion products we sell.

Insurance.

In addition to the purchases or leases described above, you must at all times during the term of the Franchise Agreement maintain in full force and effect certain types of insurance in amounts as we set forth in the Franchise Agreement. Such insurance must insure against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the conduct of your Business. All such liability insurance policies must name us as an additional insured and must provide us with 10 days prior written notice of termination expiration, or cancellation. The cost of this insurance coverage will vary depending on the insurance carrier's charges, terms of payment, and your insurance history. All costs of insurance must be borne by you.

Miscellaneous.

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. None of our officers owns any interest in an approved supplier. There currently are no purchasing or distribution cooperatives. We currently do not negotiate purchase arrangements with suppliers for the benefit of franchisees. However, we have the right to negotiate purchase arrangements with suppliers for the benefit of franchisees, and to derive revenue or other material consideration as a result of required purchases or leases, but intend to do so only if there will be a net cost saving to franchisees from the particular arrangement. If you chose to purchase

or lease supplies manufactured or distributed by us, we will attempt to make a reasonable profit from the sale or lease of those items.

ITEM 9
FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Franchise Disclosure Doc.
(a) Site selection and acquisition/lease	Section 2.2 of Franchise Agreement;	Items 1, 7 and 12
(b) Pre-opening purchases	Sections 4.1-4.3 and 10.1 of Franchise Agreement	Items 5, 6, 7, 8 and 16
(c) Site development and other pre-opening requirements	Sections 4.1-4.3 of Franchise Agreement	Items 6, 7 and 11
(d) Initial and ongoing training	Section 5 of Franchise Agreement;	Item 11
(e) Opening	Sections 4.4 and 6.3 of Franchise Agreement;	Item 11
(f) Fees	Sections 3.3, 5.4, 10 and 12 of Franchise Agreement; Section 4 of Conversion Addendum;	Items 5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	Sections 6 and 11 of Franchise Agreement;	Item 11
(h) Trademarks and proprietary information	Sections 7 and 9 of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 4 and 11 of Franchise Agreement;	Items 11 and 16
(j) Warranty and customer service requirements	None in Franchise Agreement;	N/A
(k) Territorial development and sales quotas	Section 2 of Franchise Agreement; Section	Item 12
(l) On-going product/service purchases	Sections 10.6, 11.6 and 11.7 of Franchise Agreement	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections 3.4, 4.1, 4.2, 6.1, 6.2, 11.1 and 11.2 of Franchise Agreement	Item 11
(n) Insurance	Section 11.8 of Franchise Agreement	Items 7 and 8
(o) Advertising	Section 12 of Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Section 8.4 of Franchise Agreement	Item 6
(q) Owner's participation/ management/staffing	Section 2.6 of Franchise Agreement	Items 11 and 15
(r) Records and reports	Section 13 of Franchise Agreement	Item 11
(s) Inspections and audits	Section 14 of Franchise Agreement	Item 6
(t) Transfer[2]	Section 15 of Franchise Agreement	Item 17
(u) Renewal	Sections 3.2-3.8 of Franchise Agreement	Item 17
(v) Post-termination obligations	Section 17 of Franchise Agreement	Item 17 Program Addendum

Obligation	Section in Agreement	Item in Franchise Disclosure Doc.
(w) Non-competition covenants 1-2	Sections 9.5 and 17.5 of Franchise Agreement	Item 17
(x) Dispute resolution	Sections 18.7-18.9 and 19 of Franchise Agreement	Item 17

NOTES:

We require you to require your employees to sign a "Covenant Not to Compete."

ITEM 10
FINANCING

We do not offer in house financing for any part of the Initial Franchise Fee.

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

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

Pre-Opening Obligations.

Before you open your Kindermotion Business, we will:

1. As discussed in Item 8, identify the recommended equipment, materials and supplies suggested to begin operations. (Franchise Agreement – Schedule 3)

2. Loan you one copy of the Operations Manual. (Franchise Agreement – Section 6.1)

3. Train you. (Franchise Agreement - Section 5.1) This training is described in detail later in this Item.

Operational Obligations

During your operation of the Kindermotion Business we will:

1. We will make available our representatives for the purpose of further training, presentation of materials, and facilitating the operation of your Kindermotion Business. Our representative will assist you in establishing, standardizing, and refining procedures and techniques essential to the operation of your Kindermotion Business.

2. We provide continuing advisory services which include consultation on promotional, business, teaching, or operational problems, with analysis of your sales, marketing, and financial statements. In addition, when available, we will supply you with materials and bulletins on sales, marketing developments, products, teaching, movement, gymnastics, and fitness techniques, either without charge or according to our then-current price lists.

4. Furnish you with guidance on Kindermotion System Standards. Our guidance and assistance will relate to: sales and marketing; coordinating activities of franchisees; local advertising

and promotional programs; children's movement and motor development education, and changes in the above. This guidance will, at our discretion, be furnished in our Operations Manual, administrative bulletins, written reports and recommendations, other written materials and/or during telephone consultations, training programs, meetings, conferences, or personal consultations and/or consultations at our offices or a mutually convenient place. (Franchise Agreement – Sections 6.1 and 6.2)

5. Furnish you, at your request, with additional on-site training, for a fee of $1000.00 per Diem plus lodging and travel expense. (Franchise Agreement – Sections 5.3 and 5.4) (See Item 6 above)

6. Loan you one copy of the Operations Manual that we generally furnish to franchisees for use in operating Kindermotion Businesses. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") that we prescribe from time to time. The Operations Manual may be modified periodically to reflect changes in System Standards. (Franchise Agreement - Section 6.1)

7. Issue, modify and supplement System Standards for Kindermotion Businesses. We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and these modifications may require you to invest additional capital in your Kindermotion Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (Franchise Agreement - Section 11)

8. Inspect and observe the operations of your Kindermotion Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement - Section 14)

Websites.

You acknowledge and agree that any Website constitutes "advertising" under this Agreement. Any Website you develop or utilize must meet all other terms and conditions for advertising described in this Agreement. For this purpose, a **"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 your Kindermotion Business, the Programs, the Marks, us, and/or the System. The term **"Website"** includes Internet and World Wide Web home pages. You must not establish any Website without our prior written approval of its form, content and information presented due to our substantial interest in protecting the Marks, the Programs, the System and the Confidential Information.

Advertising Fund

We have established, maintain, and administer an advertising fund (the **"Advertising Fund"**). All franchisees Kinderdance and Kindermotion are obligated to contribute to the Advertising Fund such amounts that we prescribe from time to time (see Item 6, "Advertising" section). (Franchise Agreement - Section 12).

We will dispense the Advertising Fund for the primary purpose of the development and production of marketing materials for the benefit of our franchise system as a whole.

We will direct all programs financed by the Advertising Fund. We will decide the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. We may use a national or regional advertising agency as our in-house advertising department. The Advertising Fund is used to pay the costs of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies to provide assistance; supporting public relations and market research and other advertising, promotion and marketing activities; and reimbursing Franchise Owners for approved local advertising and promotion in accordance with such programs as we adopt from time to time. Franchise Owners can also purchase various promotional items from us using these funds, e.g., banners, magnetic car signs, outdoor signs and logo license plates, such supplies to be added or deleted from time to time at our option. The Advertising Fund will periodically furnish you with samples of advertising, marketing, promotional formats, and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

The Advertising Fund will be accounted for separately from our other funds. It will not be used to defray any of our general operating expenses (except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Advertising Fund). We may spend on behalf of the Advertising Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Kindermotion Businesses to the Advertising Fund in that year. The Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use. Any unused funds will be carried over to the following year. All interest earned by the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended. We will prepare an annual, unaudited financial statement for the Advertising Fund and furnish it to you upon written request. We may cause the Advertising Fund to be incorporated or operated through a separate entity at any time.

The Advertising Fund is intended to maximize recognition of the Marks and patronage of Kindermotion Businesses. We will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Kindermotion Businesses, but we do not ensure that: (a) Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by Kindermotion Businesses operating in that geographic area; or (b) that any Kindermotion Business will benefit directly or in proportion to its contribution to the Advertising Fund. We assume no other obligation regarding collecting amounts due to, or maintaining, directing, or administering, the Advertising Fund.

Your contributions to the Advertising Fund will generally be on a uniform basis with other franchisees, but we reserve the right to defer or reduce contributions of a Franchisee. Also, upon 30 days prior written notice to you, we may reduce or suspend contributions to, and operations of the Advertising Fund or terminate it. If we terminate the Advertising Fund, all unspent monies will be distributed to the franchisees in proportion to their respective contributions to the Advertising Fund during the preceding 12-month period.

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies.

Neither we, nor any of our affiliates, receive any payment for providing goods or services to the Advertising Fund.

We utilize some of the Advertising Fund to attend certain trade shows and conventions and to advertise in certain publications. Although these activities are not designed principally for the solicitation of prospective franchisees, we do obtain leads for new franchises through these activities.

During the year ending December 31, 2023, the Advertising Fund collected a total of $51945 in addition to which $36769 was carried over from 2022 and a total of $34918 which was spent as follows:

Category	Amount Spent	Percent of Total
1. Ads, Web Site, Local,	$ 34918	70%
2. Administration	$ 0	0%
3. Surplus to 2023	$ 17027	30%
Totals	$ 51945	100%

More information concerning the Advertising Fund is contained in Items 6, and 9 of this Disclosure Document.

Local Advertising and Promotion.

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted for approval before you use them. If you do not receive written disapproval within 15 days after we receive the materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement - Section 12) (See Item 7)

Operations Manual.

The table of contents to our Operations Manual is attached as Exhibit **D**.

Teaching Location.

We do not require you to obtain our approval of teaching locations. All locations must however, meet the Standards. If you want to open your own teaching location for Kindermotion program instruction, you must identify it with the Marks, i.e. (Put up Kindermotion Signage. Logo, etc.).

Cash Registers/Computer Systems.

We currently do not require you to buy or use electronic cash register or computer systems.

Time of Opening.

We estimate that there will be an interval of five to seven weeks between the signing of the Franchise Agreement and the opening of the Kindermotion Business, but the interval may vary based upon such factors as your ability to obtain a teaching location, the length of time it takes you to sign up your initial classes, completing training, and your compliance with local laws and regulations. You may not begin business until: (1) pre-opening training has been completed to our satisfaction; and (2) the Initial Franchise Fee and all other amounts then due to us have been paid. You must begin business within three months after completing your initial training. (Franchise Agreement - Section 4.3)

Training.

Before the Kindermotion Business opens, we will provide you with initial training on the basic Kindermotion Programs and the operation of a Kindermotion Business. We will provide five to seven days of training at our Roanoke, Virginia headquarters. Although there are no additional fees for this initial training, you are responsible for all travel and living expenses which you incur in connection with training. We charge a separate tuition fee for training more than one person.

We anticipate that training will be conducted after the Franchise Agreement has been signed. We plan to be flexible in scheduling training to accommodate our personnel and you.
There currently are no fixed (i.e., monthly, or bi-monthly) training schedules. The instructor supervising the training is Richard Maltese. His background is described in Item 2. and Kristen Smillie As of our most recent fiscal year end, we provided the following training:

Subject	Time Begun	Instructional Material	Hours of[1] Classroom Training	Hours of[1] On the Job Training
Personnel	Note 1	Manual		1-2 days
Administration	Note 1	Manual		1-2 days
Sales	Note 1	Manual		1-2 days
Advertising	Note 1	Manual		1-2 days
Program education	Note 1	Manual & Video		1-2 days
Gymnastics education	Note 1	Manual & Video		1-2 days
Childhood education	Note 1	Manual		1-2 days
Safety	Note 1	Manual		1-2 days

[1] It is the nature of Kindermotion Businesses that all aspects of training are integrated, that is, there are no definitive starting and stopping times. The instructors have been working with Kindermotion Programs, have concentrated in the areas they will be teaching, and are identified in Item 2.

You (or your managing owner) must attend our annual Continuing Education Conference (or webinars – see also program descriptions in franchise agreement) for advanced training in Kindermotion, Kindergym, Kids Yoga and/or participate in the continuing education workshops that we provide. You are required to attend a minimum of seven out of ten conferences after your initial training. The first three years after purchasing the franchise, or after buying an existing franchise, attendance is mandatory. We do not charge for the annual conference, but you are responsible for all of your costs. (see Item 6).

ITEM 12
TERRITORY

The franchise is granted for a specific Territory ("**Territory**"). You and we must agree on the location of the Territory before signing the Franchise Agreement.

We do not grant exclusive territories, but we do warrant that we will not appoint more than 1 franchise per each unit of 100,000 population, or portion of it, in your Territory. County population figures will be determined according to the most recent United States census report. You must not attempt to underbid, or, by whatever means, approach clients which are then currently an active client of an existing Kindermotion or Kinderdance Business in the Territory.

We (and our affiliates) retain the right to establish, operate, and grant to others the right to establish and operate, Kindermotion or Kinderdance Businesses anywhere, on such terms and conditions as we deem appropriate.

ITEM 13
TRADEMARKS

Primary Trademark.

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating the Kindermotion Business. Our trademarks for the Kindermotion Business are **KINDERMOTION KINDERGYM and KINDERMOTION KIDS YOGA** All Kinderdance trademarks are registered on the Principal Register of the U.S. Patent and Trademark Office as follows:

Mark	Registration Number	Registration Date
KINDERDANCE	1,261,214	Dec. 13, 1983
KINDERGYM	1,618,043	Oct. 16, 1990
KINDERTOTS	2,704,825	April 08, 2003
KINDERMOTION	7,709,555.3	Feb. 13, 2008
KINDERCOMBO	3,878,996	Nov. 23, 2010
KINDERJAZZ	4,443,002	Dec. 03, 2013
KINDERDANCE WITH ME	8,628,3609	Dec. 30, 2014
KAMP KINDERDANCE	4,461,077	Feb. 03, 2015
KDJAZZ	6,248,813	Jan. 19, 2021
KDCOMBO	6,243,048	Jan. 12, 2021
KINDERMOTION KIDS YOGA	98361535	

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator or any state or any court, nor are there any pending infringements, opposition or cancellation proceedings or material litigation, involving the principal trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of our Marks in a manner material to the franchise.

Use of the Marks.

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name or with modifying words, designs, or symbols except for our licenses to you). In the event that you operate your Kindermotion Business at your own center, you must use the name "Kindermotion" as part of the trade name for that center. You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

Infringements.

You must notify us immediately of any apparent infringement or challenge to your use of any mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance, and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

Changes to the Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. However, we will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

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

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Copyrights from the United States Copyright Office Principal Register, and in China, have been issued for the following:

Name of Work	Registration Date	Registration Number
1. Kinderdance Operations Manual	February 8, 1982	TX849-540
2. Kinderdance Operations Manual Update	October 1, 1982	TX1-013-316
3. "Kinderdance-Education Through Dance" (Book)	September 28, 1984	TX1-458-74
4. "Introduction to Kinderdance"-Video	November 15, 1993	PA673-013
5. "Kinderdance-Plus Level 1"-Training Tape & Notes	October 11, 1994	SRu305-913
6. "Kinderdance Level 1"-Training Tape & Notes	October 31, 1994	SR199-920
7. "Kinderdance Level 1 & 2"-Training Tape & Notes	December 12, 1994	SRu308-985
8. "Kinderdance Level 3 Basic Program"-Training Tape & Notes	January 11, 1995	SR205-868
9. "Kinderdance Level 1 Lesson Plans"	June 5, 1995	PA702-152
10. "Kinderdance Level 2 Lesson Plans"	August 9, 1995	PA718-809
11. "Kinderdance Level 3 Lesson Plans"	July 6, 1996	PA785-811
12. "Kinderdance Level 1 New Basic Music"	April 18, 1996	SRU340-441
13. "Kinderdance Level 2 New Basic Music"	July 8. 1996	SRU347-506

14. "Entire Text – Internet Home Page	March 6, 2000	TX5-204-056
15. Kindertots Program	August 15, 2002	PA 1-099-658
16. KINDERMOTION	January 13, 2016	TX0008509129
17. Kinder Dance with me	January 13, 2016	TX0008509129
18. Kindercombo and KINDERGYM updates	January 13, 2016	TX0008509129
19. Operations Manual Update (includes Kids Yoga)	January 13, 2016	TX0008509129

The copyrights were issued to Kinderdance International Inc., Carol Kay Harsell & Richard Maltese. They are valid for the life of the author plus an additional 70 years. The Corporation, she, he gave us the right to use the copyrights in a Copyright License Agreement effective February 1, 1985 and current.

The Operations Manual, which is described in Item 11, and other materials we possess contains our confidential information. (See Item 11 and Exhibit **D**.) This information includes methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Kindermotion Businesses; marketing and advertising programs for Kindermotion Businesses; knowledge of specifications for and suppliers of certain equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Kindermotion Businesses. All documents provided to you, including the Confidential Operations and Teacher Training Manuals, are for your exclusive use during the term of the franchise, and may not be reproduced, loaned, or shown to any person outside the system.

You must tell us immediately of any apparent infringement or challenge to your use of any of these copyrights. We will take any action we deem appropriate. You must provide such assistance as we deem necessary to protect and maintain our interest in these copyrights. We do not have to participate in your defense or indemnify you if you are a party to a judicial proceeding involving copyrights.

All ideas, concepts, techniques, or materials relating to a Kindermotion Business created by you or on behalf of your owners must be promptly disclosed to us. All such ideas, concepts, techniques, and materials will be considered our property, part of our franchise system and works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques, or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements which significantly limit our right to use or authorize franchisees to use the copyrighted materials. There are no infringing uses actually known to us. We are not required by any agreement to protect or defend copyrights, patents, or confidential information, although we intend to do so when this action is in the best interests of Kindermotion Businesses.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement, and continuously exert your best efforts to promote and enhance your Kindermotion Business for the full term of this Agreement. You must not engage in any other business or

activity that conflicts with your obligations under the Franchise Agreement. You (or your representative) are obligated to participate personally in the direct operation of the Kindermotion Business although you may employ a manager to assist you in day-to-day operations. Your manager must have completed our initial training satisfactorily. This manager need not have an equity interest in the Kindermotion Business but must agree in writing to preserve the confidentiality of any confidential information to which he or she has access.

You must have any manager, as well as any instructor, supervisory employee, or independent contractor, execute an agreement in which he or she acknowledges the confidentiality of the Kindermotion system, agrees not to use any information about the system for his or her own benefit without an appropriate license, and agrees not to compete in certain respects with your business and other franchisees' businesses.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only services and products that we have approved or authorized. You may not offer for sale or sell products or services which would detract from or be inconsistent with the Kindermotion system. You may use products or services not purchased from us, but those products or services must be of comparable quality and must be approved by us in writing before use in order to ensure maintenance of proper quality standards. (See Items 8 and 9)

We may require you to offer for sale and sell additional services and products that we have approved or authorized, so long as the services and products are not inconsistent with the Kindermotion System.

You may provide services or products to any customers in your Territory. You may not solicit or provide services or products to customers in territories assigned to other Kindermotion or Kinderdance franchisees.

The Franchisor has the right to change the types of authorized goods and services at any time and there are no limits in the Franchisors right to make such changes.

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ITEM 17
THE FRANCHISE RELATIONSHIP

Renewal, Termination, Transfer, and Dispute Resolution

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

Provision	Section in Franchise Agreement	Summary
(a) Term of the Franchise	Section 3.1	10 years
(b) Renewal or extension of the term	Section 3.2	If you are in good standing, you can renew or extend the term of your franchise.
(c) Requirements for you to renew or extend	Section 3.2	Give us written notice of your election to renew at least 90 days prior to the end of the term of your Franchise Agreement. You will extend the current agreement or

Provision	Section in Franchise Agreement	Summary
		may need to sign a new Agreement with terms and conditions that are materially different from those in your original agreement.
(d) Termination by you (1)	Section 16.1	By giving us 60 days prior written notice of a material breach and our failure to cure or take reasonable steps to do so.
(e) Termination by us without cause (1)	None	N/A
(f) Termination by us with cause (1)	Section 16.2	We can terminate only if you commit one of several violations
(g) "Cause" defined - defaults which can be cured	Section 16.2(a)	You have 30 days to cure certain defaults.
(h) "Cause" defined - defaults which cannot be cured	Section 16.2(b)	Non-curable defaults include, but are not limited to, failure to open for business within three months, abandonment, failure to operate for six consecutive months, unapproved transfers, material misrepresentations, conviction of a felony, unauthorized use, or disclosure of the Operations manual or confidential information, repeated defaults (even if cured), an assignment for the benefit of creditors and an appointment of a trustee or receiver.
(i) Your obligations on termination/nonrenewal	Section 17	Obligations include payment of outstanding amounts, completed identification, and return of confidential information. The minimum monthly Royalty is payable for the remainder of the term upon early termination, per Franchise Agreement section 17.1. (also see r below)
(j) Assignment of contract by us	Section 15.1	No restriction on our right to assign
(k) "Transfer" by you - defined	Section 15.2	Includes transfer of Franchise Agreement or assets or ownership change
(l) Our approval of transfer by you	Section 15.2	We have the right to approve all transfers
(m) Conditions for our approval of transfer	Section 15.3	New franchisee qualifies, you pay us all amounts due, training completed, transferee assumes your agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require (also see r below)
(n) Our right of first refusal to acquire your business	None	None.
(o) Our option to purchase your business	None	None.
(p) Your death or Disability	Section 15.4	must transfer to an approved buyer within 90 days
(q) Non-competition	Section 9.5	No ownership interest in, or performance

Provision	Section in Franchise Agreement	Summary
covenants during the term of the franchise		of services for, competitive business anywhere
(r) Non-competition covenants after the franchise is terminated or expires	Section 17.5	No interest in or performance of services for competing business for one year in the Territory or in any other Kindermotion Territory (same restrictions apply after assignment)
(s) Modification of the Agreement	Section 18.13	No modifications generally but Operations Manual and System Standards are subject to change
(t) Integration/merger Clause	Section 18.13	Only the terms of the Franchise Agreement (including the Operations Manual) are binding (subject to state law). Any other promises may not be enforceable
(u) Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be arbitrated in Virginia (subject to state law)
(v) Choice of Forum	Section 18.8	Litigation must be in Virginia.
(w) Choice of law	Section 18.7	Virginia law applies (subject to state law).

These states have statutes which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-11], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

ITEM 18
PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting [Federal Trade Commission 600 Pennsylvania Avenue, NW Washington, DC 20580 Telephone: (202) 326-2222], and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Kinderdance Corp. System Wide Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2021**	**167**	**202**	**35**
	2022	**202**	**225**	**23**
	2023	**225**	**223**	**-2**
Company-Owned	**2021**	**4**	**4**	**0**
	2022	**4**	**4**	**0**
	2023	**4**	**4**	**0**
Total Outlets	**2021**	**171**	**206**	**35**
	2022	**206**	**229**	**23**
	2023	**229**	**227**	**-2**

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

State	Year	# of Transfers
Total	**2021**	**0**
	2021	**0**
	2023	**0**

Status of Franchised Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened or moved from ST.	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations or moved to another state	Outlets at end of Year
AL	2021	0						0
	2022	0						0
	2023	0						0
AZ	2021	1						1
	2022	1						1
	2023	1						1
CA	2021	6						6
	2022	6			2			4
	2023	4						4
CO	2021	0						0
	2022	0						0
	2023	0						0
CT	2021	1						1
	2022	1						1
	2023	1			1			0
DE	2021	1						1
	2022	1						1
	2023	1					1	0
FL	2021	4	1					5
	2022	5	1		2			4
	2023	1					1	3
GA	2021	4	2		2			4
	2022	4	1					5
	2023	5						5
IL	2021	2			1			1
	2022	2						2
	2023	2						2
INDIA	2021	13						13
	2022	13			12			1
	2023	1						1
IN	2021	1			1			0
	2022	0						0
	2023	0						0
KY	2021	1						1
	2022	1						1
	2023	1						1
LA	2021	1						1
	2022	1						1
	2023	1						1
MA	2021	2						2
	2022	2						2
	2023	2						2

MI	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
MD	**2021**	**3**		**1**	**1**			**1**
	2022	**1**						**1**
	2023	**1**						**1**
GUATAMALA	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
MN	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**			**1**			**0**
MO	**2021**	**3**						**3**
	2022	**3**						**3**
	2023	**3**						**3**
MS	**2021**	**1**						**1**
	2022	**1**			**1**			**0**
	2023	**0**						**0**
NC	**2021**	**5**						**5**
	2022	**5**						**5**
	2023	**5**	**2**					**7**
NJ	**2021**	**3**						**3**
	2022	**3**			**2**			**1**
	2023	**1**						**1**
NY	**2021**	**6**						**6**
	2022	**6**						**6**
	2023	**6**	**1**					**7**
OH	**2021**	**2**						**2**
	2022	**2**						**2**
	2023	**2**			**1**			**1**
OK	**2021**	**0**						**0**
	2022	**0**						**0**
	2023	**0**						**0**
OR	**2021**	**1**	**1**					**2**
	2022	**2**						**2**
	2023	**2**						**2**
PA	**2021**	**3**						**3**
	2022	**3**						**3**
	2023	**3**	**1**					**4**
PR	**2022**	**2**						**2**
	2023	**2**						**2**
	2023	**2**						**2**
RI	**2021**	**2**						**2**
	2022	**2**						**2**
	2023	**2**						**2**
SC	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**

TN	**2021**	**3**			**1**			**2**
	2022	**2**						**2**
	2023	**2**						**2**
TX	**2021**	**18**	**2**		**1**			**19**
	2022	**19**	**1**		**2**			**18**
	2023	**18**	**2**		**1**			**19**
VA	**2021**	**4**		**1**				**3**
	2022	**3**		**1**				**2**
	2023	**2**						**2**
WA	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
WI	**2021**	**0**						**0**
	2022	**0**						**0**
	2023	**0**						**0**
NEW ZEALAND	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
Australia	**2021**	**3**						**3**
	2022	**3**			**2**			**1**
	2023	**1**						**1**
China	**2021**	**56**	**50**					**106**
	2022	**106**	**36**					**142**
	2023	**142**						**142**
Malaysia	**2021**	**2**						**2**
	2022	**2**			**1**			**1**
	2023	**1**			**1**			**0**
Singapore	**2021**	**1**						**1**
	2022	**1**			**1**			**0**
	2023	**0**						**0**
UAE	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
QATAR	**2021**	**1**						**0**
	2022	**0**						**0**
	2023	**0**						**0**
PAKISTAN	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
Cyprus	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
Mexico	**2021**	**0**						**0**
	2022	**0**						**0**
	2023	**0**						**0**
ROMANIA	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**

Taiwan	**2021**	**1**						**1**
	2022	**1**						**1**
	2023	**1**						**1**
Japan	**2021**	**0**						**0**
	2022	**0**	**1**					**1**
	2023	**0**						**1**
Greece	**2021**	**0**						**0**
	2022	**0**	**1**					**1**
	2023	**1**						**1**
Totals	**2021**	**167**	**54**	**2**	**8**			**211**
Totals	**2022**	**211**	**41**	**2**	**25**			**225**
Totals	**2023**	**225**	**4**		**6**			**223**

Status of Company-Owned Outlets
For years 2021 to 2023

State	Year	Outlets at start of year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Virginia	**2021**	**4**	**0**	**0**	**0**	**0**	**4**
Virginia	**2022**	**4**	**0**	**0**	**0**	**0**	**4**
Virginia	**2023**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2021**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2022**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2023**	**4**	**0**	**0**	**0**	**0**	**4**

Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Alabama	**0**	**1**	**0**
Arizona	**0**	**1**	**0**
California	**0**	**2**	**0**
China	**0**	**10**	**0**
Florida	**0**	**2**	**0**
Maryland	**0**	**0**	**0**
Massachusetts	**0**	**1**	**0**
Missouri	**0**	**1**	**0**
New York	**0**	**2**	**0**
North Carolina	**0**	**1**	**0**
Ohio	**0**	**1**	**0**

Oklahoma	**0**	**1**	**0**
Puerto Rico	**0**	**1**	**0**
Texas	**0**	**2**	**0**
Virginia	**0**	**1**	**0**
Washington	**0**	**0**	**0**
Wisconsin	**0**	**1**	**0**

Identity of Franchise Owners.

The names and addresses of all the current Kindermotion and Kinderdance Franchise Owners are shown on Exhibit **E**.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit **A** are our audited Financial Statements for the periods ending December 31, 2021, 2022 and 2023.

ITEM 22
CONTRACTS

The following agreement is attached as an exhibit to this Disclosure Document:

Exhibit **B**: Franchise Agreement, with the following Schedules:

Schedule One: **Acknowledgement By Franchisee**
Schedule Two: **Territory**
Schedule Three: **Initial Supplies**
Schedule Four: **Glossary of Terms**
Schedule Seven: **Conversion/Renewal Addendum**
Schedule Nine: **Assignment/Assumption Amendment**
Schedule Eleven: **Additional Territory**

ITEM 23
RECEIPT

Exhibit **H** is a Receipt prepared in duplicate. You must sign both copies of the Receipt. Please keep one copy for your records and return the other copy to us.

EXHIBIT A
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

Financials

KINDERDANCE INTERNATIONAL, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

BOITNOTT & SCHABEN , LLC

TIMOTHY B. BOITNOTT. CPA • JOSEPH E. SCHABEN, CPA

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 250
CLOVERDALE, VA 24077-0250

PHONE: (540) 966-0114
FAX: (540) 966-0106
TIM CELL: (540) 314-3470
JOE CELL: (540) 815-9599

INDEPENDENT AUDITOR'S REPORT

To Mr. Richard Maltese of
Kinderdance International, inc.

Opinion

We have audited the accompanying financial statements of (a corporation), which comprise the balance sheet as of December 31, 2022 and 2021 and the related statements of income, retained earnings, 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 as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 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 and that the report of of the other auditors 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.

CPA

AMERICAN INSTITUE OF CPA'S

VIRGINIA SOCIETY OF CPA'S

THE CPA. NEVER UNDERESTIMATE THE VALUE

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 '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, including omissions, are considered material if there is a substantia likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant financial statements. accounting estimates made by management, as well as evaluate the overall presentation of the

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about '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.

Brown & Schaden, LLC

Roanoke, VA
March 7, 2023

KINDERDANCE INTERNATIONAL, INC.

Balance Sheet

December 31, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash - checking	$ 1,260,580	$ 1,267,422
Accounts Receivable	1,197	23,619
Merchandise Inventory	15,513	20,014
Notes receivable, net of allowances of $0 for 2022 and 2021	-	-
Total current assets	1,277,290	1,311,055
FIXED ASSETS		
Property and equipment	32,493	32,493
Less: accumulated depreciation	(32,493)	(32,493)
Total Fixed assets	-	-
OTHER ASSETS		
Non-current notes receivable	30,368	41,028
TOTAL ASSETS	1,307,658	1,352,083

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet (continued)
December 31, 2022 and 2021

	2022	2021
LIABILITIES AND OWNERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 11,462	$ 38,544
Line of credit	43,754	51,126
Advertising fund liability	91,681	91,681
Accrued expenses	-	306
Deferred revenue - current portion	-	24,245
Note payable - current	-	-
Total current liabilities	146,897	205,902
LONG-TERM LIABILITIES		
Deferred revenue	300,212	324,457
SBA Loan	1,018,691	1,018,691
Total long-term liabilities	1,318,903	1,343,148
TOTAL LIABILITIES	1,465,800	1,549,050
STOCKHOLDERS' EQUITY		
Common stock, no par value, 10,000 shares authorized, 1,080 shares issued and outstanding in 2022 and 2021	55,357	55,357
Additional paid-in-capital, includes Forgiven PPP	151,496	93,005
Retained earnings (deficit)	(314,529)	(294,863)
Total	(107,676)	(146,501)
Less- cost of 270 shares of treasury stock	(50,466)	(50,466)
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	(158,142)	(196,967)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,307,658	$ 1,352,083

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet
December 31, 2022 and 2021

	2022	2021
REVENUE		
Royalties	$ 222,068	$ 199,475
Franchise, transfer and upgrade fees	58,437	82,558
Merchandise sales	32,818	23,458
Tuition income	3,851	2,289
Advertising fund income	39,407	-
Other income	2,679	1,599
Interest income	570	1,978
Rebuild Virginia Grant	-	51,476
TOTAL REVENUE	359,830	362,833
EXPENSES		
Cost of merchandise sales	32,229	20,361
Officer salaries	-	-
Selling, general and administrative	302,957	302,250
Advertising fund expense	36,769	23,063
Interest expense	9,709	21,762
TOTAL EXPENSES	381,664	367,436
NET INCOME OR (LOSS)	$ (21,834)	$ (4,603)

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2022 and 2021

	Common Stock	Additional Paid-In Capital	Retained Earnings	Teasury Stock
Balance December 31, 2020	$ 55,357	$ 7,314	$ (286,577)	$ (50,466)
Dividends	-	-	(3,683)	-
Additional Paid in Capital, PPP	-	85,691		-
Net Income	-	-	(4,603)	-
Balance sheet, December 31, 2021	$ 55,357	$ 93,005	$ (294,863)	$ (50,466)
Dividends			-	
Additional Paid in Capital, PPP		58,491	2,168	
Net income			(21,834)	
Balance December 31, 2022	$ 55,357	$ 151,496	$ (314,529)	$ (50,466)

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2022 and 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Net Income or (loss)	$ (21,834)	$ (4,603)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	10,660	361
(Increase) decrease in merchandise inventory	4,501	1,613
(Increase) decrease in notes receivable	22,422	3,283
Increase (decrease) in accounts payable	(27,082)	24,134
Increase (decrease) in line credit	(7,372)	-
Increase (decrease) in advertising fund liability	-	15,988
Increase (decrease) in accrued expenses	(306)	-
Increase (decrease) in deferred revenue	(48,490)	(23,750)
Net cash provided (used) by operating activities	(67,501)	17,026
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture,building and equipment	-	-
Net cash provided (used) in investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit	-	(9,891)
Note payable	-	(37,800)
SBA Loan	-	868,691
Additional Paid in Capital	60,659	85,691
Distributions to owners	-	(3,683)
Net cash flows provided (used) by financing activities	60,659	903,008
Net increase (decrease) in cash	(6,842)	920,034
CASH Beginning of year	1,267,422	347,388
CASH End of year	$ 1,260,580	$ 1,267,422
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 9,709	$ 21,762

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2022 and 2021

1. NATURE OF BUSINESS

Kinderdance International, Inc. (the "Company") is an Arizona Corporation organized in August of 1982. The Company is engaged in developing and providing motion and dance programs for children. The programs are provided by Franchisees to students through agreements with child care centers. Franchisees are located in numerous states in the United States and in foreign countries.

The Company received royalties from its franchisees ranging from 6% to 12% of gross receipts depending on the level of franchise. The franchisees also pay 3% of gross receipts to the Company to provide national and regional advertising and promotion for the benefit of the franchisees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenues are primarily derived from royalties and franchise contracts with third-party franchisees. The majority of our performance obligations are a series of distinct goods and services, for which we receive variable consideration through our royalty fees or fixed consideration through our franchise fees. We allocate the variable fees to the distinct services to which they relate applying the prescribed variable consideration allocation guidance, and we allocate fixed consideration to the related performance obligations based on their estimated stand alone selling prices.

We do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract, inception, that the period between our transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less, which it is in substantially all cases. Additionally, we do not typically include extended payment terms in our contracts with customers.

Royalty and franchise revenues - We identified the following performance obligations in connection with our royalty and franchise contracts:

- Intellectual Property ("IP") licenses grant the right to access our Kinderdance brand and curriculum.
- royalty fees are generally based on a percentage of the franchise's monthly gross revenue. These fees are typically billed and collected monthly, and revenue is generally recognized as services are provided.
- Pre-opening services include providing services (advertising , budgeting and training) to the franchise owner to assist in preparing for the opening.

- Revenue for tuition fees in recognized monthly as earned
- Revenue for merchandise sales is recorded when control is transferred to the customer

Each of the identified performance obligations is considered to be a series of distinct services transferred over time. While the underlying activities may vary from day to day, the nature of the commitments are the same each day, and the property owner can independently benefit from each day's services. Royalty and franchise fees are typically based on the sales, with the exception of fixed upfront fees, which usually represent an insignificant portion of the transaction price.

The Company has elected to use the practical expedient for revenue recognition per ASU No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). The accounting policy is to recognize the pre-opening services as a single performance obligation.

Advertising Fund

Each franchise pays 3% of monthly gross sales to the Company's advertising fund. The advertising fund may be used to pay the costs of advertising materials, telemarketing programs , direct mail programs , advertising programs, marketing activities, and providing advertising and marketing materials to franchisee. The advertising fund may also be used to pay the Company's costs of traveling to and attending conventions and trade shows. The advertising fund income is recorded at gross revenue and expensed. The advertising fund liability is the amount available to use for advertising cost.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company defines cash and cash equivalents as cash and all short-term investments with an original maturity of three months or less.

Accounts and Notes Receivable

Accounts and notes receivable are recorded at the original invoice amount less and estimate made for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the industry, and the financial stability of its customers. Accounts and notes receivable are written off when they are determined to be uncollectible. Recoveries of accounts and notes receivable previously written off are recorded when received. The allowance for doubtful accounts related to accounts receivable was $0 for the years ended December 31, 2022 and 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Equipment and Depreciation

The Company capitalizes property and equipment to which it has title at cost and depreciates it using straight-line methods over the estimated economic useful lives of the assets, generally five to seven years.

Merchandise inventories

Merchandise inventories are stated at the lower of cost or market determined on an average cost basis and consists of boutique items held for sale to franchisees.

Fair Value of Financial Instruments

The Company follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 assets include cash that comprises demand deposits with commercial banks, domestic and international equity securities, and money market funds that consist primarily of U.S. Treasury obligations.

- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include government and agency securities, corporate bonds, asset - backed securities, and a limited partnership fund.

- Level 3 inputs are unobservable inputs for the asset or liability

All cash held by the Company is Level 1 input cash. For 2022 and 2021, the amount of cash for each year is $1,260,579 and $1,267,422.

The Company did not identify any assets or liabilities that are required to be presented at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, accounts payable, accrued expenses and other current liabilities, approximated their fair values due to the short maturity of these financial instruments.

The recorded value of the Company's notes receivable reflects amounts that management believes approximate fair value, as interest approximates rates.

3. Financial Instruments

Financial instruments which potentially subject the company maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk.

4. NOTES RECEIVABLE

The Company finances portions of franchise sales, upgrade fees and sales of boutique items at interest rates of 7% to 9% per annum. As of December 31, 2022 and 2021. there was $30,368 and $41,028 outstanding under these arrangements, respectively. Payments are due on a monthly basis with the final payment due in December 2025.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
	$	$
Furniture and fixtures	32,493	32,493
Less: accumulated depreciation	(32,493)	(32,493)
	-	-

Depreciation expense was $0 for the years ended December 31, 2022 and 2021.

6. PROFIT SHARING PLAN

The Company has a Simplified Employee Pension Plan for all eligible employees. Contributions to the plan are set by the Board Of Directors. Under this plan the Company incurred expenses of $0 in 2022 and 2021.

7. INCOME TAXES

The Company elected "S" Corporation status under the Internal Revenue Code. Consequently, income is taxed to the shareholders of the Company.

A statute of limitation applies to Federal and Virginia income tax returns from the date of filing. As a result, the following years are open to audit as of December 31, 2022:

2021
2020
2019

8. COMMITMENTS

The Company has entered into a lease for office space in Roanoke, Virginia under a non-cancelable lease expiring July, 31, 2024. For the years ended December 31, 2022 and 2021, rental expense under this lease was $29,242 And $68,786, respectively.

December 31,	
2023	$ 28,767
2024	$ 7,192

9. FRANCHISES

The Company's franchise activity for the years ended December 31 is as follows:

	2022	2021
Franchises in operation	211	168
Franchises sold	41	54
Franchises not renewed	(27)	(10)
	225	212

10. NOTE PAYABLE - SBA LOAN

	2022	2021
To the US Small Business Administration requiring monthly payments of $4,952 including interest at 3.75%. Starting June 15, 2022 with all outstanding principle and interest due June 15, 2052	$ 1,018,691	$ 1,018,691

Aggregate principal payments of long-term debt are as follows:

2023	$ 39,000
2024	$ 40,500
2025	$ 42,000
2026	$ 43,500
2027	$ 45,000

11. PAYCHECK PROTECTION PROGRAM

The Company received a loan from the Paycheck Protection Program, in 2022 for $58,491 and 2021 for $47,891. The loan derived from the COVID-19 shut downs and are meant to assist the Company with payroll, rent, utilities, etc., i.e. funds to assist them with their operations.

The Company adhered to the Federal guidelines for the use of these loans and had this loan is forgiven in 2022 and 2021. The total forgiven in 2022 was $58,491 and in 2021 it was $85,691. These funds do not count as revenue and are not federally taxable. These funds are to be considered additional-paid in capital, adding equity to the Company

12. LINE OF CREDIT

The Company has an unsecured $150,000 line of credit with an interest rate of 8%. The outstanding balance as of December 31, 2022 and 2021 was $43,754 And $51,126, respectively.

13. STOCKHOLDERS' EQUITY

During 2005, the Company repurchased 270 shares of corporate stock from a former employee at the book value of the Company as of November 30, 2005. The repurchased shares are reflected as Treasury Stock as of December 31, 2022 and 2021.

14. Liquidity

Financial assets available for use within one year of the The balance Sheet is comprised of the following at December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 1,260,580	$ 1,267,422
Investments	-	-
Accounts receivable	1,197	23,219
Less: Current liabilities	(146,897)	(205,902)
Less: Other	-	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	$ 1,114,880	$ 1,084,739

15. SUBSEQUENT EVENTS

Management evaluated subsequent events through March 6, 2023, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

KINDERDANCE INTERNATIONAL, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2023

BOITNOTT & SCHABEN , LLC

TIMOTHY B. BOITNOTT, CPA • JOSEPH E. SCHABEN, CPA

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To Mr. Richard Maltese of
Kinderdance International, Inc.

Opinion

We have audited the accompanying financial statements of (a corporation), which comprise the balance sheet as of December 31, 2023 and 2022 and the related statements of income, retained earnings, 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 as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 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 and that the report of the other auditors 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.

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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 '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, including omissions, are considered material if there is a substantia likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant financial statements. accounting estimates made by management, as well as evaluate the overall presentation of the

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about '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.

Brittwitt & Schelin, LLC

Roanoke, VA
February 27, 2024

KINDERDANCE INTERNATIONAL, INC.

Balance Sheet

December 31, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	$ 1,020,607	$ 1,260,580
Accounts Receivable	711	1,197
Merchandise Inventory	17,574	15,513
Notes receivable, net of allowances of $0 for 2023 and 2022	4,554	-
Total current assets	1,043,446	1,277,290
FIXED ASSETS		
Property and equipment	290,523	32,493
Less: accumulated depreciation	(39,301)	(32,493)
Total Fixed assets	251,222	-
OTHER ASSETS		
Non-current notes receivable	-	30,368
TOTAL ASSETS	1,294,668	1,307,658

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet (continued)
December 31, 2023 and 2022

	2023	2022
LIABILITIES AND OWNERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 15,960	$ 11,462
Line of credit	-	43,754
Advertising fund liability	91,681	91,681
Deferred revenue - current portion	5,755	-
Note payable - current	40,500	-
Total current liabilities	153,896	146,897
LONG-TERM LIABILITIES		
Deferred revenue	300,212	300,212
SBA Loan	979,656	1,018,691
Total long-term liabilities	1,279,868	1,318,903
TOTAL LIABILITIES	1,433,764	1,465,800
STOCKHOLDERS' EQUITY		
Common stock, no par value, 10,000 shares authorized, 1,080 shares issued and outstanding in 2023 and 2022	55,357	55,357
Additional paid-in-capital, includes Forgiven PPP	151,496	151,496
Retained earnings (deficit)	(295,483)	(314,529)
Total	(88,630)	(107,676)
Less- cost of 270 shares of treasury stock	(50,466)	(50,466)
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	(139,096)	(158,142)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,294,668	$ 1,307,658

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet
December 31, 2023 and 2022

	2023	2022
REVENUE		
Royalties	$ 225,614	$ 222,068
Franchise, transfer and upgrade fees	57,981	58,437
Merchandise sales	29,941	32,818
Tuition income	103	3,851
Advertising fund income	51,945	39,407
Other income	2,201	2,679
Interest income	17,293	570
Sales returns and allowances	(277)	-
TOTAL REVENUE	384,801	359,830
EXPENSES		
Cost of merchandise sales	20,838	32,229
Depreciation	6,808	-
Selling, general and administrative	277,448	302,957
Advertising fund expense	34,919	36,769
Interest expense	25,940	9,709
TOTAL EXPENSES	365,953	381,664
NET INCOME OR (LOSS)	$ 18,848	$ (21,834)

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2023 and 2022

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock
Balance December 31, 2021	$ 55,357	$ 93,005	$ (294,863)	$ (50,466)
Dividends	-	-	-	-
Additional Paid in Capital, PPP	-	58,491	2,168	-
Net Income	-	-	(21,834)	-
Balance sheet, December 31, 2022	$ 55,357	$ 151,496	$ (314,529)	$ (50,466)
Dividends	-	-	-	-
Additional Paid in Capital, PPP	-	-	-	-
Adjustments	-	-	198	-
Net Income	-	-	18,848	-
Balance December 31, 2023	$ 55,357	$ 151,496	$ (295,483)	$ (50,466)

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2023 and 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Net Income or (loss)	$ 18,848	$ (21,834)
Depreciation	6,808	
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	486	10,660
(Increase) decrease in merchandise inventory	(2,061)	4,501
(Increase) decrease in notes receivable	(4,554)	22,422
(Increase) decrease in other assets	30,368	-
Increase (decrease) in accounts payable	4,498	(27,082)
Increase (decrease) in line credit	(43,754)	(7,372)
Increase (decrease) in accrued expenses	-	(306)
Increase (decrease) in deferred revenue	5,755	(48,490)
Net cash provided (used) by operating activities	16,394	(67,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, building and equipment	(258,030)	-
Net cash provided (used) in investing activities	(258,030)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Unlocated diff	198	-
Note payable	-	-
SBA Loan	1,465	-
Additional Paid in Capital	-	60,659
Distributions to owners	-	-
Net cash flows provided (used) by financing activities	1,663	60,659
Net increase (decrease) in cash	(239,973)	(6,842)
CASH Beginning of year	1,260,580	1,267,422
CASH End of year	$ 1,020,607	$ 1,260,580
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 25,940	$ 9,709

See accompanying notes.

1. NATURE OF BUSINESS

Kinderdance International, Inc. (the "Company") is an Arizona Corporation organized in August of 1982. The Company is engaged in developing and providing motion and dance programs for children. The programs are provided by Franchisees to students through agreements with child care centers. Franchisees are located in numerous states in the United States and in foreign countries.

The Company received royalties from its franchisees ranging from 6% to 12% of gross receipts depending on the level of franchise. The franchisees also pay 3% of gross receipts to the Company to provide national and regional advertising and promotion for the benefit of the franchisees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenues are primarily derived from royalties and franchise contracts with third-party franchisees. The majority of our performance obligations are a series of distinct goods and services, for which we receive variable consideration through our royalty fees or fixed consideration through our franchise fees. We allocate the variable fees to the distinct services to which they relate applying the prescribed variable consideration allocation guidance, and we allocate fixed consideration to the related performance obligations based on their estimated stand alone selling prices.

We do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract, inception, that the period between our transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less, which it is in substantially all cases. Additionally, we do not typically include extended payment terms in our contracts with customers.

Royalty and franchise revenues - We identified the following performance obligations in connection with our royalty and franchise contracts:

- Intellectual Property ("IP") licenses grant the right to access our Kinderdance brand and curriculum.
- royalty fees are generally based on a percentage of the franchise's monthly gross revenue. These fees are typically billed and collected monthly, and revenue is generally recognized as services are provided.
- Pre-opening services include providing services (advertising , budgeting and training) to the franchise owner to assist in preparing for the opening.

- Revenue for tuition fees in recognized monthly as earned
- Revenue for merchandise sales is recorded when control is transferred to the customer

Each of the identified performance obligations is considered to be a series of distinct services transferred over time. While the underlying activities may vary from day to day, the nature of the commitments are the same each day, and the property owner can independently benefit from each day's services. Royalty and franchise fees are typically based on the sales, with the exception of fixed upfront fees, which usually represent an insignificant portion of the transaction price.

The Company has elected to use the practical expedient for revenue recognition per ASU No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606). The accounting policy is to recognize the pre-opening services as a single performance obligation.

Advertising Fund

Each franchise pays 3% of monthly gross sales to the Company's advertising fund. The advertising fund may be used to pay the costs of advertising materials, telemarketing programs , direct mail programs , advertising programs, marketing activities, and providing advertising and marketing materials to franchisee. The advertising fund may also be used to pay the Company's costs of traveling to and attending conventions and trade shows. The advertising fund income is recorded at gross revenue and expensed. The advertising fund liability is the amount available to use for advertising cost.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company defines cash and cash equivalents as cash and all short-term investments with an original maturity of three months or less.

Accounts and Notes Receivable

Accounts and notes receivable are recorded at the original invoice amount less and estimate made for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the industry, and the financial stability of its customers. Accounts and notes receivable are written off when they are determined to be uncollectible. Recoveries of accounts and notes receivable previously written off are recorded when received. The allowance for doubtful accounts related to accounts receivable was $0 for the years ended December 31, 2023 and 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property, Equipment and Depreciation

The Company capitalizes property and equipment to which it has title at cost and depreciates it using straight-line methods over the estimated economic useful lives of the assets, generally five to seven years.

Merchandise inventories

Merchandise inventories are stated at the lower of cost or market determined on an average cost basis and consists of boutique items held for sale to franchisees.

Fair Value of Financial Instruments

The Company follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 assets include cash that comprises demand deposits with commercial banks, domestic and international equity securities, and money market funds that consist primarily of U.S. Treasury obligations.

- Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets include government and agency securities, corporate bonds, asset - backed securities, and a limited partnership fund.

- Level 3 inputs are unobservable inputs for the asset or liability

All cash held by the Company is Level 1 input cash. For 2023 and 2022, the amount of cash for each year is $1,020,607 and $1,260,579.

The Company did not identify any assets or liabilities that are required to be presented at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, accounts payable, accrued expenses and other current liabilities, approximated their fair values due to the short maturity of these financial instruments.

The recorded value of the Company's notes receivable reflects amounts that management believes approximate fair value, as interest approximates rates.

3. Financial Instruments

Financial instruments which potentially subject the company maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk.

4. NOTES RECEIVABLE

The Company finances portions of franchise sales, upgrade fees and sales of boutique items at interest rates of 7% to 9% per annum. As of December 31, 2023 and 2022. there was $0 and $30,368 outstanding under these arrangements, respectively. Payments are due on a monthly basis with the final payment due in December 2025.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
	$	$
Furniture and fixtures	32,493	32,493
Franchise Fees - Kinderdance	244,348	-
Auto	13,682	-
Less: accumulated depreciation	(39,301)	(32,493)
	$ 251,222	-

Depreciation expense was $6,808 for the years ended December 31, 2023 and 2022.

6. PROFIT SHARING PLAN

The Company has a Simplified Employee Pension Plan for all eligible employees. Contributions to the plan are set by the Board Of Directors. Under this plan the Company incurred expenses of $0 in 2023 and 2022.

7. INCOME TAXES

The Company elected "S" Corporation status under the Internal Revenue Code. Consequently, income is taxed to the shareholders of the Company.

A statute of limitation applies to Federal and Virginia income tax returns from the date of filing. As a result, the following years are open to audit as of December 31, 2023:

2022
2021
2020

8. COMMITMENTS

The Company has entered into a lease for office space in Roanoke, Virginia under a non-cancelable lease expiring July, 31, 2024. For the years ended December 31, 2023 and 2022, rental expense under this lease was $28,767 And $29,242, respectively.

December 31,	
2024	$ 7,192

9. FRANCHISES

The Company's franchise activity for the years ended December 31 is as follows:

	2023	2022
Franchises in operation	225	211
Franchises sold	4	41
Franchises not renewed	(6)	(27)
	223	225

10. NOTE PAYABLE - SBA LOAN

	2023	2022
To the US Small Business Administration requiring monthly payments of $4,952 including interest at 3.75%. Starting June 15, 2022 with all outstanding principle and interest due June 15, 2052	$ 1,020,156	$ 1,018,691

Aggregate principal payments of long-term debt are as follows:

2024	$ 40,500
2025	$ 42,000
2026	$ 43,500
2027	$ 45,000
2028	$ 46,600

11. LINE OF CREDIT

The Company has an unsecured $150,000 line of credit with an interest rate of 8%. The outstanding balance as of December 31, 2023 and 2022 was $0 And $43,754, respectively.

12. STOCKHOLDERS' EQUITY

During 2005, the Company repurchased 270 shares of corporate stock from a former employee at the book value of the Company as of November 30, 2005. The repurchased shares are reflected as Treasury Stock as of December 31, 2023 and 2022.

13. Liquidity

Financial assets available for use within one year of the The balance Sheet is comprised of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 1,020,607	$ 1,260,580
Investments	-	-
Accounts receivable	711	1,197
Less: Current liabilities	(153,896)	(146,897)
Less: Other	-	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	$ 867,422	$ 1,114,880

14. SUBSEQUENT EVENTS

Management evaluated subsequent events through February 27, 2024, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

EXHIBIT B
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

KINDERMOTION FRANCHISE AGREEMENT

by Kinderdance International Inc.

Agreement Date:
_____

Franchise Owner:
_____

Address:
_____

_____

Territory:
_____

_____

_____

_____

Initial Franchise Fee: _____

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KINDERMOTION FRANCHISE AGREEMENT

by Kinderdance International Inc.

Additional Schedules Control Sheet

The standard Franchise Agreement contains the following additional Schedules and is made apart of the Agreement. However, not all Franchise Agreements require every additional Schedule. Therefore, we have noted below by writing "included" next to each Schedule which is used in this Franchise Agreement for you.

	Schedule One:	**Acknowledgement By Franchisee**
	Schedule Two:	**Territory**
	Schedule Three:	**Initial Supplies**
	Schedule Four:	**Glossary of Terms**
	Schedule Seven:	**Conversion/Renewal Addendum**
	Schedule Nine:	**Assignment/Assumption Amendment**
	Schedule Eleven	**Additional Territory**

You hereby acknowledge and agree that the included Schedules noted above are for use in this Franchise Agreement.

FRANCHISEE

Print Name: _____

Signature: _____

Date: _____

KINDERDANCE INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

Date: _____

KINDERMOTION FRANCHISE AGREEMENT

by Kinderdance International Inc

THIS KINDERMOTION FRANCHISE AGREEMENT (this "Agreement") is effective as of, _____ 2____(the "Agreement Date"). The parties to this Agreement are you, _____, as franchise owner, and us, Kinderdance International, Inc., as franchisor, an Arizona corporation, with our principal office located at 5115 Bernard Drive Suite 205, Roanoke, VA. 24018.

1. INTRODUCTION.

This Agreement has been written in an informal style to make it more easily understandable and to help you become thoroughly familiar with all of its terms before you sign it. In this Agreement, we refer to Kinderdance International, Inc and or Kindermotion as "we," "us" or "our," or in some cases as the "Franchisor." We refer to you as "you," "your" or in some cases as the "Franchise Owner." For convenient reference, a Glossary of Terms is attached as Schedule 4.

1.1 The System. Through the expenditure of considerable time and effort, we have developed a distinctive system for marketing, promoting, advertising, and managing businesses providing movement, gymnastics, and fitness programs for young children ("Kindermotion Businesses"). We have researched and designed a variety of movement, motor development, gymnastics, and fitness programs.

The KINDERMOTION Program is a fitness program for 3–12-year-old children. It is developmentally designed to encourage a love of physical activity by developing motor skills. Using imagery and age-appropriate movement education the program stresses overall fitness and good nutrition habits which prepares students minds and bodies for athletic and academic pursuits.

The "KINDERGYM" program is designed for children aged 3 to 5, but focuses on gymnastics, motor development and fitness.

The Kindermotion "KIDS YOGA" Program was designed for 3-5-, 6-8-, and 9–12-year-old children. It is a developmentally designed yoga-based movement program that uses an interdisciplinary methodology that combines multiple intelligences that teach the total child in a non-competitive, all-inclusive, and nurturing environment. The program is non-religious and non-spiritual in its approach and content. Children learn the foundations of yoga through storytelling, creative imagery, music, songs, communication, use of props, and creative movement.

We refer to all of these programs collectively as the "KINDERMOTION PROGRAMS." Kindermotion Businesses generally provide their services at child-care centers, pre-schools, grade schools, YMCA's and various other locations. Kindermotion Businesses operate under distinctive business formats, systems, methods, procedures, designs, and specifications, all of which we may improve, further develop or otherwise modify from time to time (collectively, the "System"). Kindermotion Businesses work exclusively with these Programs.

We own, use, promote and license certain trademarks, service marks, trade names, slogans and other commercial symbols including the trade names, Kindermotion, Kindergym, Kindermotion Kids Yoga (the "Marks"), in the operation of Kindermotion Businesses. We may in the future, develop, enhance, or modify various aspects of the System and/or the Marks as well as add new trademarks, trade names, service marks, trade dress, and other commercial symbols.

We grant to persons who meet our qualifications and are willing to undertake the necessary investment and efforts the right to own and operate Kindermotion Businesses in a certain geographic area.

1.2 Acknowledgments. We are presenting this Agreement to you because you expressed the desire to own and operate a Kindermotion Business. You understand that the terms of this Agreement are reasonably necessary to maintain our highest standards of quality and service and the uniformity of those at each Kindermotion Business and to protect and preserve the goodwill of the Marks and the System. In signing this Agreement, you acknowledge: (a) the importance of operating your Kindermotion Business in strict conformity with our standards; (b) that you have conducted an independent investigation of Kindermotion Businesses and recognize that, like any other businesses, their nature may evolve and change over time; (c) that an investment in a Kindermotion Business involves business risks; and (d) that the success of this business venture is primarily dependent on your business abilities and efforts.

1.3 No Guaranties. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Kindermotion Businesses. You acknowledge that:

(a) any statements regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Kindermotion Business that is not contained in our Franchise Disclosure document is unauthorized, unwarranted and unreliable and should be reported to us immediately;

(c) any information you obtained from Kindermotion franchise owners relating to revenues, sales, profits or otherwise does not constitute information obtained from us and we do not warrant or guaranty the accuracy of any such information; and

(d) you have not received or relied on any representations about the Franchise made by us, or our officers, directors, employees, or agents that are contrary to the statements made in our Franchise Disclosure document or to the terms of this Agreement.

If there are any exceptions to any of the foregoing, you must: (1) immediately notify our chief executive officer; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it (any such statement must be signed by both you and us).

1.4 Representations. To induce us to enter into this Agreement with you, you represent and warrant that:

(a) in all of your dealings with us, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity;

(b) this Agreement, and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us;

(c) you have made no misrepresentations in obtaining the Franchise (as defined below); and

(d) you have read this Agreement and our Franchise Disclosure document in their entirety.

2. GRANT OF FRANCHISE.

2.1 Grant. You have applied for a franchise to own and operate a Kindermotion Business. We have approved your application in reliance on all of the representations you made in that application. Subject to all the terms and conditions of this Agreement, we grant to you a franchise (the "Franchise") for a Kindermotion Business to operate solely in the territory (the "Territory") we have approved, as identified in Schedule 2 to this Agreement.

2.2 Territorial Rights. We do not grant exclusive Territories, but we do warrant that we will not grant more than one franchise per each 100,000 population, or part thereof, in your Territory. We do grant non-exclusive territories consisting of an area with up to 400,000 population or part thereof. Historically, these territories provide an average of two hundred, fifty (250) to four hundred (400) teaching locations in which to market your program. County population figures will be determined according to the most recent United States census report. The Territory will generally consist of a county. You must not operate your Kindermotion Business at any location, at any time, temporarily or otherwise, outside of the Territory, without our prior written consent. However, you may market and advertise anywhere. You must not attempt to underbid, or, by whatever means, approach or solicit clients, customers or locations which are then currently an active client, customer, or location of an existing Kindermotion or Kinderdance Business in the Territory.

2.3 Location Restrictions. None in your territory

2.4 Reservation of Rights. Subject to Section 2.2 above, we retain the following rights, through affiliates or directly, without granting any rights to you:

(a) to operate and grant to other franchisees the right to operate Kindermotion Business anywhere within the Territory and in any other territory on such terms and conditions as we deem appropriate; and

(b) to sell anywhere (or authorize others to sell) products and services identified by the Marks or competitive with Kindermotion® Products in any manner, including via catalogue or the Internet, Intranet, Website, or other form of electronic commerce (including sales within the Territory) without any compensation to franchise owners.

2.5 National Accounts. We have devoted considerable resources to develop a national accounts program for the benefit of all Kindermotion and Kinderdance Businesses . A “National Account” is a customer or group of customers that operate under common ownership or control, under the same trademarks or service marks through independent franchises or some other association that we have arranged to provide services at multiple locations. The locations of some of the National Accounts may be in your Territory. However, the Franchise Agreement prevents us or other franchise owners from approaching or soliciting clients, customers or locations which are then currently an active client, customer or location of your under most circumstances. Nevertheless, you want us to encourage the development of National Accounts and recognize that customer satisfaction at each of the National Accounts multiple locations is critical to the success of such a program. Accordingly, you and we agree as follows:

(a) Territorial Rights: You agree that we may approach and solicit clients, customers, or locations in your Territory, whether or not you currently provide services to them, in order to develop them as National Accounts. We may do so without violating any of your territorial rights or any other provision of the Franchise Agreement.

(b) Best Efforts: You agree to utilize your best efforts to perform services to National Accounts located in your Territory on the terms and conditions specified in the program for those National Accounts. These terms may vary from National Account to National Account depending on the situations and circumstances.

I Alternative Services: At your option, you may decide not to perform services for any one or more of the National Accounts operating in your Territory. In addition, you recognize that some National Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the fullest extent practicable to resolve the National Acco'nt's concerns. However, if after we exercise what we believe to be reasonable efforts to rectify the problem, the National Account continues to refuse to do business with you, then you agree that we or any other franchise owner we designate may provide services for that National Account in your Territory. You also agree that we or any franchise owner we designate may perform services for any National Account located in your Territory for whom you have declined to provide services. Neither we nor any of such franchise owners will be liable or obligated to pay you any compensation for doing so and neither we nor such franchise owner will be considered in breach of any provision of the Franchise Agreement or any other agreement between you and us. You release us and such franchise owner from any liability or obligation to you for providing services to such National Accounts and we will indemnify, defend, and hold you harmless from and against any claims brought by a National Account arising out of our, or another franchise ow'er's performance of services in your Territory.

(d) Reports and Forms: For purposes of coordinating efforts and results of National Account programs, you must timely provide us with copies of all reports, forms and notices relating to performing services for National Accounts that we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as National Accounts.

(e) Eligibility: Due to the need to ensure adherence to System Standards in performing services for National Accounts, you will not be eligible for assignment of National Accounts unless you are in full compliance with the Franchise Agreement.

2.6 Full Term Performance. You will perform your obligations under this Agreement faithfully, honestly, and diligently. You will continuously exert your best efforts to promote and enhance your Kindermotion Business , for the full term of this Agreement. Furthermore, you agree not to engage in any other business or activity that may conflict with your obligations under this Agreement. The Franchise granted to you by this Agreement is to use the Marks and the System only for purposes of conducting a Kindermotion Business in accordance with the provisions of this Agreement and our Kindermotion System Standards, as described in this Agreement or as otherwise communicated to you from time to time. You are obligated to participate personally in the direct operation of the Kindermotion Business, although you may employ a manager to assist you in the day-to-day operations. Your manager must have completed our initial training satisfactorily. Without our prior approval, you must not:

(a) operate a Kindermotion Business or any other related or similar facility or business in any territory other than the Territory permitted under this Agreement except pursuant to another franchise agreement with us; or

(b) use the System or the Marks for any purpose other than to conduct your Kindermotion Business within or outside your Territory; or

(c) engage in the operation of any other child'en's movement, gymnastics or fitness business that is similar to Kindermotion Business within or without your Territory.

3. TERM AND SUCCESSION.

3.1 Term. The Franchise allows you to operate a Kindermotion Business solely in the Territory and to use the Marks and the System in the operation of your Kindermotion Business for a term of 10 years starting on the Agreement Date. For purposes of this Agreement, the phras“s "term of this Agreem”nt" “r "term of the Franch”se" means the 10-year period just described and any extension(s) of it.

(v) 3.2 **SUCCESSOR FRANCHISES**. After the expiration of this agreement, you will be eligible to obtain a successor franchise for your Kindermotion Business if: a) you have substantially complied with the Agreement and all other agreements between you and us;

(b) you have not received more than 3 notices of default during the term of this Agreement;

(c) you satisfy the requirements we then impose on new franchise owners generally, including the replacement, refurbishment, and/or re-equipment of equipment and materials utilized in the operation of the franchise, in a timely fashion;

(d) you comply with all of our then-current standards for design, equipment, signage, provision of services, methods of operation and other System Standards;

(e) you give us written notice of your election to obtain a renewal franchise at least 3 months (but not more than 6 months) before the end of the term of this Agreement. (If we do not timely receive that notice from you, you will be deemed to have elected not to obtain a renewal franchise.);

(f) if we permit you to obtain a successor franchise, your right to obtain it will be contingent on your continued full compliance with this Agreement and any other agreement between you and us and/or our affiliates; and

(g) you satisfactorily complete (or completion by a manager of yours approved by us) any new training and refresher programs we reasonably require.

(v) (h) you (and if a corporation or partnership is the Franchise Owner, its shareholders or partners) must sign and deliver to us: (i) the form of standard franchise agreement and any ancillary agreements we are then customarily using in the grant of Kindermotion franchises, but with appropriate modifications to reflect the fact that the agreement relates to the grant of a successor franchise; and (ii) general releases, in a form satisfactory to us, of any and all claims against us, our affiliates, and all of our and their officers, directors, employees, agents, successors and assigns. If you fail or refuse to sign and deliver to us those agreements and releases within 30 days after their delivery to you, you will be deemed to have elected not to obtain a successor franchise. The successor franchise agreement will then govern the franchise relationship and may contain terms different from this Agreement (including payment amounts)i) you must pay us a successor franchise fee equal to 10% of our then-current initial franchise fee. We must receive the fee from you at the time of your election to obtain such successor franchise. In addition, we have the right to charge you for services we render to you and expenses we incur in conjunction with the grant of the successor franchise. Payment of those charges is due upon your receipt of our invoice.

3.3 Effect of Non-Compliance. If, at any time during the term of this Agreement, you have failed to substantially comply with the Agreement or any other agreement between you and us and/or our

affiliates, we may refuse to grant you a renewal or successor franchise. Our notice will then state the reasons for our decision.

4. OPERATING PROCEDURES.

4.1 Authorized Services and Products. The reputation and goodwill of Kindermotion Businesses is based upon, and can be maintained and enhanced only by, the furnishing of high-quality services and products. We will provide you during the training program with a list of the services and products authorized for Kindermotion Businesses and may from time-to-time issue revisions. You agree that you will offer all services and products authorized for Kindermotion Businesses and will not, without our prior written approval, offer any type of service or sell any product that is not authorized by us for your Kindermotion Business.

4.2 Approved Kindermotion Equipment and Materials. The reputation and goodwill of Kindermotion Businesses is based upon, and can be maintained and enhanced only by, the use of high-quality equipment and materials. We may from time to time modify the list of approved equipment and materials and/or approved suppliers. You agree that you will not, without our prior written approval, use or authorize your employees to use any equipment or materials not authorized by us for Kindermotion Businesses.

Our approval of equipment and materials will be given in the form of specifications and in approval of specific types, models, and brands of equipment and materials. In approving types, model, brands, and suppliers, we may take into consideration such factors as quality, reliability and price. We may approve one or a limited number of suppliers in order to obtain lower prices, better advertising support or more uniform and/or higher quality of equipment and materials.

If you want to use any type, model, or brand of equipment and materials, or any supplier which is not currently approved by us, you will notify us of your desire to do so and submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand and/or supplier for a determination by us whether such type, model or brand complies with our specifications and/or such supplier meets our approved supplier criteria. We have the right to charge you a reasonable fee to cover our costs incurred in making such a determination. Within a reasonable time, we will determine whether such proposed type, model, brand and/or supplier are approved. We may from time to time prescribe procedures for the submission of requests for approval of types, models, brands or suppliers and obligations which approved suppliers must assume. We may also reevaluate such suppliers at any time.

4.3 Pre-Opening Obligations. You must not open your Kindermotion Business and commence business until you have satisfactorily completed all initial training and all amounts then due us have been paid. You must comply with the pre-opening obligations and open your business within 3 months after completing your initial training.

4.4 Compliance with Laws and Good Business Practices. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You will operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, all government regulations relating to occupational hazards and health, wor'er's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You must also comply with all lease requirements imposed by any landlords you contract with. All advertising and promotion by you will be completely factual and will conform to the highest standards of ethical advertising. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which

may be injurious to our business and the goodwill associated with the System, the Marks, and other Kindermotion Businesses. You must secure adequate telephone service (minimum of one direct line) for use in the business and a Kindermotion telephone information listing, with an answering machine for the business during both business and non-business hours. No other business will be transacted or advertised using any telephone number assigned to the business.

4.5 Hiring and Training of Employees by You. You will hire all employees of your Kindermotion Business and will be exclusively responsible for the terms of their employment and compensation. You will not employ or permit any person to perform services for your Kindermotion Business who has not been satisfactorily trained by us or you and signed a Nondisclosure a“d "Covenant Not to Comp”te" agreement and the “Employment” agreement in the form approved by us. You must conduct the classes for the Kindermotion Programs yourself unless you have been certified by us as capable of training instructors.

4.6 Franchisee-Owned Center. If you operate your Kindermotion Business at your own center, you must use the na“e "Kindermotion”" as part of the trade name for that center (Put up Kindermotion Signage. Logo, etc.). You are not authorized to conduct any other business or offer any services that are not in compliance with the services or products as described in our operation manual without express written authorization from Kindermotion (us).

5. TRAINING AND PERSONNEL.

5.1 Initial Training. Prior to opening your Kindermotion Business, you must attend and satisfactorily complete the initial training program we hold for our Franchise Owners. Our initial training program covers the basic Kindermotion Programs, as well as how to operate and run your franchise business. The training program is furnished at our headquarters or another location that we designate for a period of 5-7 days before you open your business. We provide the initial training free of charge to you. You must pay all your own expenses incurred in connection with the initial training, including, for example, travel, local transportation expenses and wages. We charge a separate tuition fee for training more than 1 person per Franchise Owner.

5.2 Training of Other Personnel. It is very important to the operation of your Kindermotion Business that all your employees have the appropriate training for their jobs. You are responsible for ensuring that all employees of your Kindermotion Business are qualified, properly trained to capably perform their duties and responsibilities, and duly licensed. We require you to have your employees trained by us unless we have certified you to do so. We charge $1000 per employee for training at our headquarters. You are responsible for all the emplo’ee's expenses incurred in connection with the training. We may certify you to train your employees yourself, in which case you may be required to purchase a training kit from us for $150 for each employee you train. We may require that you and other personnel attend supplemental and refresher training programs during the term of the Franchise, to be furnished at such time and place as we may designate.

5.3 Additional Training and Conference Attendance. You agree that you will attend and complete any additional training programs or conferences that we designate as mandatory, at such places and time as we may specify from time to time during the term of this Agreement. The training programs and conferences will be at such times and places and on such subjects as we determine appropriate from time to time. Currently, we hold free continuing education training programs for advanced levels of Kindermotion®, Kindergym® and possibly the Kids Yoga program at our annual conferences (or other training methods or webinars) Should you fail to attend any of the first three conferences after your initial training, you will be subject to a fine in the amount of Two Hundred and Fifty Dollars ($250.00) per absence. You are required to attend a minimum of seven out of ten conferences after your initial training. The first three years after purchasing the Kindermotion franchise, or after buying an existing

Kindermotion franchise, attendance is mandatory. Subjects for training may include instruction in materials and teaching skills, business procedures, cost control, advertising and marketing, and other matters helpful to the successful operation of the franchise. We may, at our discretion, provide other special training to your personnel or other assistance in operating your Kindermotion Business that you request; however, if we do so, you must pay all expenses for that training or assistance, including a per diem charge and travel and living expenses for our personnel.

5.4 Fees and Expenses. You will be responsible for all costs relating to attendance at these programs or conferences, such as, without limitation, the cost of travel, lodging, meals, educational material, and other related incidental expenses incurred by you or your manager(s), as well as any fees or service charges we require.

5.5 Location Availability. You will cooperate with us to make your teaching locations available to us f“r "in cl”ss" training of new Franchisees. You must: (a) notify us of the name, address, and principal contact at each location and (b) specify to us the rental or other arrangements for securing the location.

6. GUIDANCE AND MANUALS.

6.1 Manuals. During the term of this Agreement, we will lend you one copy of each of the manuals that we may authorize from time to time (collectively, t“e "Manu”ls"). The Manuals are our property. The Manuals contain mandatory, suggested, and obligatory specifications, standards, and operating procedures which we prescribe from time to time for Kindermotion Businesses, as well as information about other obligations you have in the operation of your Kindermotion Business. The Manuals may be modified from time to time to reflect changes in the standards, operating procedures, and other aspects of operating your Kindermotion Business. Revisions to the Manuals are effective 15 days after delivery of notice to you, unless a later effective date is specified in such notice. All Manual modifications will be equally applicable to all similarly situated Franchisees and no modification will alter your fundamental status and rights.

You must keep your copy of the Manuals current by immediately inserting all new and modified pages we furnish to you. If any of the Manuals are lost, stolen or damaged, you must obtain a replacement from us at our then-current price. If a dispute develops with respect to the contents of the Manuals, the master copy we maintain at our principal office will be controlling. You agree that you will neither permit any part of the Manuals to be copied nor disclose them or any of their contents to anyone not having a need to know their contents for purposes of operating your Kindermotion Business.

(v) 6.2 Guidance and Assistance. During the term of this Agreement, we will from time to time furnish you guidance and assistance with respect to the System Standards. This guidance and assistance will, in our discretion, be furnished in the form of the Manuals, bulletins, written reports and recommendations, other written materials, telephone consultations, training programs, meetings, conferences and/or personal consultations at our offices or at a mutually convenient place. As we determine necessary from time to time, our guidance and assistance will relate toa) site selection assistance;

(b) movement, gymnastics, and fitness education;

(c) the sales and marketing of the products and services offered by Kindermotion Businesses and the use of Kindermotion System Standards;

(d) coordinating the activities of all Kindermotion Businesses;

(e) development and implementation of local advertising and promotional programs;

(f) methods of performing authorized services, including any new techniques; and

(g) changes in any of the above that may occur from time to time.

6.3 Assistance. We will make available our representatives for the purpose of further training, presentation of materials, and facilitating the operation of your Kindermotion Business. Our representative will assist you in establishing, standardizing, and refining procedures and techniques essential to the operation of your Kindermotion Business.

7. MARKS.

7.1 Ownership and Goodwill. Your right to use the Marks is derived solely from this Agreement and is limited to the operation of your Kindermotion Business pursuant to and in compliance with this Agreement and all applicable standards and operating procedures we prescribe from time to time during the term of this Agreement. If you make any unauthorized use of any of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You agree that all your use of the Marks and any goodwill established by your use will inure to our benefit exclusively due to our ownership of them. This Agreement does not confer any ownership, goodwill, or other interests in the Marks on you (other than the right to operate your Kindermotion Business in compliance with this Agreement).

7.2 Additional Marks. All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, trade dress and logos we may authorize and license you to use during the term of this Agreement.

7.3 Limitations on Use. You agree to use the Marks as the sole trade identification of your Kindermotion Business, except that you must also identify yourself as an independent owner in the methods we prescribe. 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, or in any modified form, without our prior written approval. You agree not to use any Mark or any commercial symbol similar to any Mark in connection with the performance or sale of any unauthorized services or products, or in any manner we have not expressly authorized in writing. You will not employ any of the Marks in any manner that we have determined may result in liability to us for any indebtedness or obligation of yours. You will display the Marks in the manner we prescribe in connection with advertising and marketing materials. You must also use, along with the Marks, any notices of trademark and service mark registrations that we specify. You must obtain any fictitious name, assumed name “r "doing business”as" registrations that may be required under applicable law. You must not use any Mark in any advertising relating to the transfer, sale or other disposition of your Kindermotion Business or any interest in the Franchise Owner, without our approval.

7.4 Infringements and Claims. You must promptly 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, within 5 business days of your becoming aware of the claim. You will not communicate with anyone except us and our attorneys in connection with any such infringement, challenge, or claim. We may take whatever action we deem appropriate. We will have the sole right to control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark, including the right to direct any settlement of such claims. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable to protect and maintain the interests we have in any litigation or administrative proceeding related to the Marks. You may not, at any time during the term of

this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks, or assist any other person in contesting the validity or ownership of any of the Marks.

7.5 Discontinuance of Use. If it becomes advisable at any time in our sole judgment for your Kindermotion Business to modify or discontinue the use of any of the Marks or for your Kindermotion Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions to modify or otherwise discontinue the use of such Mark, or use one or more additional or substitute trademarks or service marks, within a reasonable time after notice to you. We have no liability or obligation to you for such modification or discontinuance.

7.6 Consent to Use of Marks. Your rights to use the Marks are nonexclusive. You acknowledge and agree that we may grant franchises to other franchise owners to operate Kindermotion Businesses using the Marks. You agree that, whenever we may request from time to time, you will give your written consent to such use of the Marks by such franchise owners.

7.7 Copyrights. Our Operations Manual, Training Manual, and other materials are copyrighted. To the extent relevant, the provisions of this Article 7 concerning the Marks also apply to our copyrighted information.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

8.1 Independent Contractor; No Fiduciary Relationship. This Agreement does not create a fiduciary relationship between you and us; and no fiduciary relationship will exist between you and us. You are an independent contractor, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You will conspicuously identify yourself in all your dealings with customers, suppliers, public officials, personnel working at your Kindermotion Business (or otherwise employed by you) and others as the owner of your Kindermotion Business pursuant to a franchise agreement with us, and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials that we may require from time to time.

8.2 No Liability; No Warranties. Neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that the relationship between you and us is other than that of franchise owner and franchisor. We will not be liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

8.3 Taxes and Regulations. We will not be liable for any sales, service, use, exercise, income, gross receipts, property, payroll or other taxes levied against you or your assets or against us in connection with the business you conduct or any payments you make to us pursuant to this Agreement or any other agreement (except for our own income taxes and any taxes we are required by law to collect from you on purchases from us). We will not be liable or responsible for your compliance (or failure to comply) with any and all laws, rules and regulations imposed by any state or federal governmental agency. It is your responsibility to ensure compliance with such laws and regulations.

8.4 Indemnification. You must indemnify, defend and hold us, our shareholders, directors, officers, employees, affiliates, agents and assignees and other Kindermotion franchise owners (collectivel“, "Indemnified Part”es") harmless against and reimburse the Indemnified Parties for all losses, liabilities, obligations, damages, and taxes arising out of the operation of your Kindermotion Business (including those described in Sections 8.2 or 8.3 above) for which any of the Indemnified Parties are held liable and for all costs any of the Indemnified Parties reasonably incur in the defense of any such claim brought against any of the Indemnified Parties or in any such action in which any of the Indemnified Parties is named as a party, including but not limited to actual and consequential damages, reasonable attorn’ys', accounta’ts', and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The Indemnified Parties have the right to defend any such claim against them and may settle any such claim with respect to them only, with no obligation to you. Your indemnification obligations will continue in full force after, and survive any, expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.

(v) 9.1 Types of Confidential Information. We have developed certain confidential and proprietary information to be used in the establishment and operation of Kindermotion Businesses (t“e "Confidential Informat”on"). We have the right to use and impart the Confidential Information which includes without limitationa) the System, the System Standards and the know-how related to their use;

(b) sources and specifications of equipment, forms, materials, services, and supplies;

(c) advertising, marketing, and promotional programs for Kindermotion Businesses;

(d) any computer software programs we provide or recommend for use in Kindermotion Businesses and the hardware specifications for running such software;

(e) the selection, recruitment and training of managers, service providers and other employees for Kindermotion Businesses;

(f) the selection and procurement of locations for Kindermotion Programs;

(g) methods, techniques, formats, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience in the development, operation, and franchising of Kindermotion Businesses;

(v) (h) training materials, programs and conference materials designed for franchise owners and personnel of Kindermotion Businessesi) all information contained in and contents of all of the Manuals; and

(j) knowledge of operating results and financial performance of Kindermotion Businesses other than your Kindermotion Business.

9.2 Disclosure and Limitations on Use. We will disclose much of the Confidential Information to you and personnel of the Kindermotion Businesses by furnishing the Manuals to you and by providing training, guidance, and assistance to you. In addition, in the course of the operation of your Kindermotion Business, you or your employees may develop ideas, concepts, methods, techniques or improvement“ ("Improveme”ts") relating your Kindermotion Business, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them

in the operation of Kindermotion Businesses. Improvements will then also constitute Confidential Information.

(v) 9.3 Confidentiality Obligations. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Kindermotion Business, 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 is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that youa) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) 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, restrictions on disclosure to your employees and the use of nondisclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

(v) 9.4 Exceptions to Confidentiality. The restrictions on your disclosure and use of the Confidential Information will not apply to the followinga) disclosure or use of information, processes, or techniques which are generally known and used by businesses providing gymnastics, motor development or fitness instruction to children (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

(v) 9.5 Exclusive Relationship. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Kindermotion Businesses if owners of franchised Kindermotion Businesses were permitted to hold interests in any Competitive Businesses, as defined below. You also acknowledge that we have entered into this Agreement with you in part in consideration of and in reliance on your agreement to deal exclusively with us. Therefore, you agree as followsa) Competitive Restrictions: During the term of this Agreement, neither you, nor any member of your immediate family (and if a corporation or partnership is the Franchise Owner, neither their shareholders, officers, directors, partners nor any members of their immediate families) will) engage in a Competitive Business or perform services for a Competitive Business directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent

contractor or otherwise, except under a franchise agreement with us or our affiliates; and/or

(ii) have any direct or indirect interest, as disclosed, record or beneficial owner, in a Competitive Business, except under franchise agreements with us or our affiliates; and/or

(iii) have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is granted or is granting franchises or licenses to others to operate any Competitive Business, except Kindermotion Businesses under franchise agreements with us or our affiliates; and/or

(iv) recruit or hire any employee of ours or our affiliates or our franchise owners without our prior written consent and/or that of the other franchise owner (as the case may be); and/or

(v) knowingly engage in any activity to solicit, encourage, or induce any customer doing business with any Kindermotion or Kinderdance franchise owner (wherever located) to commence doing business with you instead and/or

(vi) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, clients, contractors, referral sources, trade or patrons of ours, our affiliates or our franchise owners as such may exist throughout the term of this Agreement.

(b) Competitive Business: The term "Competitive Business" as used in this Agreement means any business or facility owning, operating or managing (or granting franchises or licenses to others to do so) any service providing or gymnastics or motor development or fitness instruction to children in any format or system, or any other business that provides the same or similar services as are customarily offered by Kindermotion Businesses.

(c) Public Companies: Notwithstanding the foregoing, any aggregate ownership of 5% or less of the issues and outstanding shares of any class of stock of a publicly traded company is not prohibited by the provisions of this section.

10. PAYMENTS TO US. 10.1 Initial Franchise Fee**.**

(a) Timing and Refunds: When you sign this Agreement, you must pay us in cash a non-recurring initial franchise fee of $20,000 (the “Franchise Fee") less any approved discounts. This fee is fully earned when the franchise agreement is executed and is non-refundable. Under all circumstances, the Initial Franchise Fee is non-refundable and is fully earned by us when paid. In consideration for this Initial Franchise Fee we: (i) grant you a franchise to operate a Kindermotion Business; (ii) provide you with initial training for 1 person; and (iii) sell you an initial supply of Kindermotion Materials for use in your Kindermotion Business.

(b) Kindermotion Materials: The "Kindermotion Materials" are the posters, flashcards, clothing, mat, CD’s, DVD’s, business development forms, bookkeeping and accounting forms, and other items which we may sell from time to time. The items included in the initial supply of Kindermotion Materials are shown on Schedule 3.

(c) In addition to the initial supply of Kindermotion Materials as shown on Schedule 3 $1,000, you will be required to purchase a minimum starting inventory of children’s products for your

resale. The items will be based on the most popular sizes, colors and styles requested by your customers. The dollar amount of inventory are as follows:

Kindermotion Inventory Kit - $100

Prices will be those published on our Franchisee's wholesale order form.
You will be required to purchase a Media Kit:

Kindermotion Media Kit - $600

10.2 Royalties. You must pay us a continuing monthly royalty equal to the greater of $200.00 for the remaining term of the Agreement, or 12% of the monthly Gross Sales of your Kindermotion Business.

(a) General: The obligation to pay royalties commences immediately upon receipt of tuition received for any Kindermotion classes taught. The "minimum" obligation commences beginning the sixth calendar month after completion of the initial training. Royalty payments are due on the 10th day of each month, based on the Gross Sales of the immediately preceding calendar month. You must also pay any federal, state, or local taxes imposed in accordance with applicable laws and regulations.

10.3 Advertising Contributions. Recognizing the value of advertising to the goodwill and public image of Kindermotion Businesses, we have established an advertising fund (the "Advertising Fund") for advertising, promotion, and publications as we deem appropriate in our sole discretion. You must pay monthly contributions to the Advertising Fund ("Advertising Contributions") in an amount equal to 3% of your monthly Gross Sales. Your Advertising Contributions are payable by the 10th day of each month based on your Gross Sales of the immediately preceding month. Our obligations regarding the Advertising Fund are described in Section 12 of this Agreement.

10.4 Definition of Gross Sales. As used in this Agreement, the term "Gross Sales" means all revenue you derive from operating the Kindermotion Business including, tuition fees, lesson charges, fees, compensation and all amounts you receive at or from any locations, whether from cash, check, barter, credit card or credit transactions, associated with Kindermotion Programs or their Marks' but excluding: (a) customer refunds, credits and allowances actually made. (b) Kinderdance Products & Attire

10.5 Kindermotion Products. We reserve the right to offer Kindermotion shirts, clothing, and other items ("Kindermotion Products") to Franchise Owners for sale by Franchise Owners in their Kindermotion Businesses. If you elect to sell Kindermotion Products, you must purchase from us, and we will sell to you, all of the Kindermotion Products you require for your Kindermotion Business. We will sell the Kindermotion Products to you at the purchase price we publish from time to time in our standard price lists, as long as you are in compliance with all of the provisions of this Agreement. Payment for the Kindermotion Products must be received by us prior to shipment to you. You are responsible for all freight, shipping, handling and insurance charges.

10.6 Interest on Loan Payments. Certain amounts due for purchases by you from us or our affiliates, and other amounts which you owe to us or our affiliates bear interest after the due date at the highest applicable legal rate for open account business credit, not to exceed 1.5% per month. The provision in this Agreement concerning interest on late payments does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Kindermotion Business. If, for any reason, the amounts you owe us for interest

exceed the amounts allowed by applicable law, and you have made such payments to us, we will credit the excess amount against the delinquent amounts owed, unless you notify us that you want the excess amount returned to you.

10.7 Application of Payments. When we receive a payment from you, we may apply it as we see fit to any amounts you owe to us, regardless of how you may direct a particular payment to be applied.

10.8 Payment Offsets. We may set off from any amounts that we may owe you any amount that you owe to us for any reason whatsoever. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amount purportedly due to you from us.

10.9 Discontinuance of Service. If you do not timely pay amounts due us, or otherwise violate this Agreement, we may discontinue any services to you. You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment of any fee or other sum payable to us under this Agreement, or of any other sum payable to us or our affiliate companies.

11. KINDERMOTION SYSTEM STANDARDS.

11.1 Importance of Uniformity. You acknowledge that every detail of your Kindermotion Business is important--not only to you, but to us and to all Kindermotion franchise owners and affiliates--in order to: (a) develop and maintain high and uniform operating standards; (b) increase the demand for the products and services provided by Kindermotion Businesses; and (c) establish and maintain a reputation for providing uniform and high quality services. You also acknowledge that a fundamental requirement of this Agreement is the operation of your Kindermotion Business in accordance with the mandatory specifications, standards, operating procedures, and rules that we prescribe for the development and operation of Kindermotion Businesses (the "System Standards"). Your operation of your Kindermotion Business in accordance with the System Standards is essential to preserve the goodwill of the Marks and of all Kindermotion Businesses. Therefore, during the term of this Agreement, you must at all times develop, maintain, and operate your Kindermotion Business in accordance with each and every Kindermotion System Standard, as periodically modified and supplemented by us from time to time.

11.2 Examples of Kindermotion System Standards. Among the aspects of the development and operation of your Kindermotion Business that may be regulated by Kindermotion System Standards are the following:

(a) movement, fitness and gymnastics teaching techniques;

(b) periodic maintenance, replacement of obsolete equipment and signs, use of signs, logos, and the Marks;

(c) types, models, and brands of required or authorized equipment, signs, products, materials and supplies;

(d) types, coverage's, policy terms and carriers of insurance;

(e) accounting and bookkeeping methods and systems;

(f) terms and conditions of sale and delivery of and payment for products, services, materials, and supplies sold by us, or our affiliates or unaffiliated suppliers and vendors;

(g) the use, and terms for usage, of preferred suppliers;

(h) sales and marketing activities, advertising and promotional activities, customer communication and retention programs, and materials and media required or authorized for use in such activities and programs;

(i) use and display of the Marks, and use and display of other trademarks and commercial symbols, including trademarks of approved suppliers;

(j) services required or authorized to be offered by your Kindermotion Business;

(k) arrangements for third parties (including national or regional accounts) for the furnishing to the customers of your Kindermotion Business services required or authorized to be available.;

(l) acceptance of various payment systems;

(m) uniforms and/or apparel to be worn while operating the Kindermotion Business;

(n) use of specified equipment, computer software and hardware, and communication systems and any modifications or enhancements;

(o) compliance with applicable laws; obtaining required licenses and permits; adherence to good business practices; observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, vendors, us, and our affiliates;

(p) regulation of such other elements and aspects of the development, appearance, and operation of, and conduct of business by you, as we determine from time to time to be useful or required to preserve or enhance the operation, image or goodwill of the Marks and Kindermotion Businesses in general;

(q) preparation and retention of records; and

(r) use of standard forms and contracts.

You agree that Kindermotion System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing (including by means of our Administrative Bulletins), constitute provisions of this Agreement as if fully described in it. Accordingly, all references to this Agreement include all Kindermotion System Standards as periodically modified.

11.3 Modification of Kindermotion System Standards. We may periodically modify Kindermotion System Standards. In addition, we may accommodate regional or local variations in Kindermotion System Standards in our discretion. Modifications to Kindermotion System Standards may obligate you to invest additional capital in your Kindermotion Business and/or incur higher operating costs. Nevertheless, any modifications to Kindermotion System Standards will not alter your fundamental status and rights under this Agreement.

11.4 Class Size. While we do not limit the number of classes that may be taught at each location, nor the number of students that may be taught in each class, we recommend that, in order to maintain proper control and teaching excellence, class size be limited to 12 children.

11.5 Pro-Active Sales Efforts. You recognize that the operation of Kindermotion Businesses involves heavy emphasis in sales solicitation and marketing. We have granted you the franchise based on your commitment to devote the necessary time, skill, and energy both personally and through employees (if the franchise owner is a corporation or partnership, through your principal owners) to the active and continuous sales solicitation and marketing activities.

11.6 Approved and Prohibited Activities. You agree that: (a) your Kindermotion Business will offer, in the manner we prescribe, all services and products that we from time to time authorize for Kindermotion Businesses; and (b) your Kindermotion Business will not offer or provide any products or services we have not approved for Kindermotion Businesses. You acknowledge and agree that we have the right to impose conditions including successful completion of additional training, which all franchise owners, including you, must fulfill in order to offer new programs. Such authorizations and conditions will, in our sole discretion, depend and be based on such factors as the facilities and equipment of your Kindermotion Business, your qualifications and experience and those of your employees and other considerations we deem relevant.

11.7 Research and Testing. From time to time, we may conduct research and testing to determine the feasibility of new programs, market trends, and the marketability of new programs. You agree to cooperate and participate in our research and testing programs upon our request, by test marketing new programs at your Kindermotion Business and by providing us with timely reports and other relevant information regarding research and testing programs. In connection with test marketing of any new program, you agree to make reasonable efforts to sell any products and services comprising the new program.

11.8 Insurance.

(a) Requirements: Before you open your Kindermotion Business, you must obtain and maintain in full force and effect during the entire term of the franchise, at your expense, an insurance policy or policies protecting you and us against any loss, liability or expense for personal injury, death, property or equipment damage, or otherwise arising or occurring in connection with your Kindermotion Business, and other coverages described in the Manuals. Each policy must have coverage limits and amounts as specified in the Manuals. You must name us as an additional insured on each policy. Each insurance policy must be written by an insurance carrier acceptable to us.

(b) Certificates: Within 30 days of the signing of this Agreement, but in no event later than the date on which you commence operation of your Kindermotion Business, you must furnish to us the certificates of insurance showing compliance with these requirements for approval by us. The certificates must state that each policy will not be canceled or altered without at least 10 days prior written notice to us.

(c) Maintenance: Maintenance of such insurance and the performance by you of the obligations under this paragraph does not relieve you of liability under the indemnity provisions of this Agreement. If you, for any reason, do not procure and maintain the insurance coverage required by this Agreement, then we have the right, at our option, to immediately procure such insurance upon notice, and you must reimburse us immediately for these costs.

12. ADVERTISING AND PROMOTION.

12.1 Establishment of Advertising Fund. Due to the value of advertising and the importance of promoting the public image of Kindermotion Businesses, we establish and maintain and administer an Advertising Fund. You must pay us Advertising Contributions each month equal to 3% of your monthly Gross Sales. Your Advertising Contributions must be paid to us by the 10th day of each month based on the Gross Sales of the immediately preceding month. Kindermotion Businesses controlled by us, or our affiliates will contribute to the Advertising Fund on the same basis as you.

12.2 Use of the Fund. You acknowledge and agree that we will be entitled to direct all advertising programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Advertising Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials; telemarketing programs; direct mail programs; administering national, multi-regional, regional or local advertising programs, including, for example, purchasing media advertising, and employing advertising agencies to assist in those activities; supporting public relations, market research and marketing activities; and providing advertising and marketing materials to Kindermotion Businesses. The Advertising Fund may also be used to pay our costs of traveling to and attending national and regional conventions and trade shows. We may also solicit Franchise Owners at these events. The Advertising Fund will furnish you with approved advertising materials at its direct cost of producing them, including shipping and handling.

12.3 Advertising Reimbursement. The Advertising Fund may also be used to reimburse you (and other Franchise Owners) for approved local advertising. To be eligible for reimbursement, you must provide us with copies of the advertising and verification of the expenses. However, the reimbursement is limited to the lesser of: (a) your actual local advertising expenditures; and (b) 25% of the total of your Advertising Contributions paid during the previous year.

12.4 Accounting for the Fund. The Advertising Fund will be maintained and operated by us in such form and manner as we determine from time to time in our sole discretion. The Advertising Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Advertising Fund and its advertising programs including, for example, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Advertising Fund. We may spend in any fiscal year an amount greater or less than the total contribution of Kindermotion Businesses to the Advertising Fund in that year. We may cause the advertising Fund to borrow from us or other lenders to cover deficits or cause the Advertising Fund to invest any surplus for future use. If we lend money to the Advertising Fund, we may charge interest at an annual rate equal to the "prime rate" charged by leading financial institutions plus 3%. You authorize us to collect for remission to the Advertising Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and will furnish it to you upon written request. We may incorporate the Advertising Fund or operate it through a separate entity as we deem appropriate. Any such successor entity will have all rights and duties as are accorded to us pursuant to this Section 12.

12.5 Advertising Fund Limitations. You acknowledge that the Advertising Fund, if created, is intended to maximize recognition of the Marks and patronage of Kindermotion Businesses in general. Although we would try to use the Advertising Fund to develop advertising and marketing materials and to place advertising in a manner that will benefit all Kindermotion Businesses, we undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the Advertising Contributions by Kindermotion Businesses operating in that geographic

area or that any Kindermotion Business will benefit directly or in proportion to its Advertising Fund Contributions. Except as expressly provided in this Section 12, we assume no direct or indirect liability or obligation to you or the Advertising Fund with respect to the maintenance, direction, or administration of the Advertising Fund or with respect to the collection of contributions to the Advertising Fund from other Kindermotion Businesses. Accordingly, we will not be liable for any act or omission with respect to the Advertising Fund which is consistent with this Agreement, or other information provided to you by us, or which is done in good faith.

12.6 Collection Efforts. We may, but are not required to, use collection agents and to institute legal proceedings to collect Advertising Contributions from you and other franchise owners on behalf of, and at the expense of, the Advertising Fund. We may also forgive, waive, settle, and compromise any claims by or against the Advertising Fund.

12.7 Local Advertising and Promotion. Prior to their use, you must submit samples of all advertising and promotional materials, not prepared, or previously approved by us, for approval. If you do not receive written approval from us within 15 days from the date of our receipt of the materials, we will be deemed to have given the required approval. You must not use any advertising or promotional materials that we have disapproved. In no event will your advertising contain any statement or material which may be considered: (a) in bad taste or offensive to any group of persons; (b) defamatory on any person or an attack on a competitor; (c) inconsistent with our public image; or (d) not in accord with Kindermotion System Standards. You must maintain a yellow page listing under the name "Kindermotion " in at least one city in the Territory in accordance with the standards described in the Manual.

12.8 Websites. You acknowledge and agree that any Website constitutes “advertising” under this Agreement. Any Website you develop or utilize must meet all other terms and conditions for advertising described in this Agreement. For this purpose, a “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 your Kindermotion® Business, the Kindermotion® Programs, the Marks, us, and/or the Kindermotion® System. The term “Website” includes Internet and World Wide Web home pages. You must not establish any Website without our prior written approval of its form, content and information presented due to our substantial interest in protecting the Marks, the Kindermotion® Programs, the Kindermotion® System and the Confidential Information. Furthermore, in connection with any Website, you agree to the following:

(a) Before establishing any Website, you must submit to us a sample of the Website format and information in the form and manner that we may reasonably require.

(b) You must comply with our standards and specifications for Websites as prescribed by us from time to time in the manual or otherwise.

(c) We may require that you establish electronic links to our Website and to other franchise owners’ Websites as part of your Website. We also may require that your Website be part of our Website.

(d) You agree that we may establish electronic links from our Website to your Website, and that other franchise owners may establish electronic links to your Website from their Websites, without any compensation to you.

(e) If you want to change any material aspect of your Website at any time, or any of the information contained in your Website, you must submit such revisions to us in advance. You must not make any such revisions or modifications until you have obtained our approval.

(f) You must not use any Mark as part of any domain name, Internet or “E-mail” address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our prior written consent.

(g) If this Agreement expires or terminates for any reason, you must immediately stop using any Websites that utilize any of the Marks, the Kindermotion® Programs or the Kindermotion® System, or that are linked to any of our Websites or the Websites of any of our franchise owners. You must also then remove and change any domain names, Internet addresses, E-mail addresses or other identification that utilize any of the Marks.

13. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

13.1 Accounting Records. During the term of this Agreement, you must establish and maintain record keeping and accounting systems conforming to the requirements prescribed by us from time to time. You must prepare and preserve for 5 years from the dates of their preparation (and for such other time period as required by law), full, complete and accurate books, records and accounts prepared pursuant to our approved method of accounting, including, but not limited to, invoices, cash receipts, contracts, disbursement records, accounts payable, general ledgers, itemized bank deposit slips and statements, and copies of sales, use and service tax returns and state and federal payroll and income tax returns reflecting the operation of your Kindermotion Business.

13.2 Reports. You must furnish to us the following reports utilizing any forms and instructions we specify for such purpose: (a) on or before the 10th day of each month, a profit and loss statement including a statement of Gross Sales for the immediately preceding calendar month; and (b) within 30 days after the end of each fiscal year, an annual profit and loss statement for such fiscal year for your Kindermotion Business and a balance sheet for your Kindermotion Business as of the end of such fiscal year. This report must be prepared in accordance with generally accepted accounting principles. In addition, by written notice to you, we may require that this report be audited by an independent certified public accountant.

You must furnish to us such other reports, information and supporting records as we may request from time to time. All such reports, financial statements and information must be on any approved forms which we may require, must be accurate, and must be verified and signed by you. You must also furnish to us copies of all license applications, regulatory reports and filings, visitation reports, and all notices and correspondence from and with any regulatory agencies concerning any aspect of your Kindermotion Business.

13.3 Returns and Financial Records. You must maintain readily available for our inspection, and furnish to us upon request, exact copies of any state and local sales, use and service tax returns and federal and state payroll and income tax returns filed by you that reflect the operation of your Kindermotion Business. You must furnish to us, and to those designed by us, for inspection or audit, such forms, reports, records, financial statements, sales and income tax returns and other information as we may require. You must maintain records for your Kindermotion Business for 5 years. You must make such financial records and other information available at our principal office or such other locations as we request; and you must provide us and our designees with full and free access to such records and information during regular business hours. We and our designees have the right to make extracts from, and copies of, all such records and information.

14. INSPECTIONS AND AUDITS.

14.1 Our Right to Inspect. To determine whether you and your Kindermotion Business are complying with this Agreement and with the Kindermotion System Standards, we or our agents have the right, at any reasonable time and without advance notice to you, to:

(a) observe the operations of and teaching methods used in your Kindermotion Business for such periods as we deem necessary;

(b) interview personnel of your Kindermotion Business (including temporary and full-time employees);

(c) interview present and former customers of your Kindermotion Business;

(d) interview the landlords or other providers of locations for the Kindermotion programs; and

(e) inspect and copy any business records, bookkeeping and accounting records, licensing applications and reports, sales, payroll, and income tax records and returns and other records of your Kindermotion Business (and the books and records of any corporation or partnership which is the franchise owner under this Agreement).

You must cooperate fully with us in connection with any of these inspections, observations, and interviews. You must send us (within 5 days of your receipt) copies of all notices, reports, and correspondence to or from regulatory authorities concerning the operation or licensing of your Kindermotion Business.

14.2 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, licensing applications and reports, sales, payroll, and income tax records and returns and other records of your Kindermotion Business (and the books and records of any corporation or partnership which is the franchise owner under this Agreement).

(a) Cooperation: You must fully cooperate with our representatives and any independent accountants we may hire to conduct any inspection or audit.

(b) Reimbursements: Further, if the inspection or audit is made necessary by your failure to furnish the reports, supporting records, other information, or financial statements required by this Agreement, or to furnish such information on a timely basis, or if such information is determined by an audit or inspection to understate your Gross Sales by more than 5% for any month, you must reimburse us for the cost of such inspection or audit (including, but not limited to, the charges of attorneys and any independent accountants, and the travel expenses, room and board and applicable per diem charges for our employees and agents). The above remedies are in addition to all our other remedies and rights under this Agreement and under applicable law.

(c) Payment: You must pay us, within 15 days after receipt of the audit report, all amounts you owe us, plus interest, in accordance with Section 10.7.

15. OWNERSHIP AND TRANSFER REQUIREMENTS.

15.1 Transfer by Us. This Agreement (or any portion of it) is fully transferable by us and will inure to the benefit of any person or entity to whom we transfer it or to any other legal successor to our interest in this Agreement. If we transfer this Agreement, we will have no further obligation to you.

15.2 Transfer by You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on your character, skill, aptitude, attitude, business ability, and financial capacity (and if you are a corporation or partnership, on these qualities of your owners). Therefore, except as provided with respect to assignment to a controlled corporation in Section 15.5 below, neither this Agreement (or any interest in it), your Kindermotion Business (or any interest in it), nor any part or all of the ownership of the Franchise Owner may be transferred without our prior written approval, and any such transfer or attempted transfer without our prior written approval constitutes a breach of this Agreement, and will convey no rights to, or interests in, this Agreement, the Kindermotion Business or the Franchise Owner and will be void.

As used in this Agreement, the term "transfer" means and includes the voluntary, involuntary, direct, or indirect assignment, sale, or other transfer by you of: (a) any interest in this Agreement; (b) any part or all of the ownership of the Franchise Owner; or (c) your Kindermotion Business or any interest in it. An assignment, sale, or other transfer also includes:

(i) the transfer of ownership of capital stock or partnership interest or any other form of ownership in the Franchise Owner;

(ii) merger or consolidation, or issuance of additional securities representing an ownership interest in the Franchise Owner;

(iii) transfer of interest in the Franchise Owner or your Kindermotion Business in a divorce proceeding or otherwise by operation of law; or

(iv) transfer of an interest in the Franchise Owner or your Kindermotion Business in the event of the death of the Franchise Owner or an owner of the Franchise Owner by will, declaration of or transfer in trust, or under the laws of intestate succession.

15.3 Conditions for Approval of Transfer. If you are in full compliance with this Agreement, we will not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section 15. The proposed transferee or its owner(s) must be of good moral character and otherwise meet our then-applicable standards for franchise owners. You must provide us with a minimum of 60 days prior written notice of any proposed transfer with all of the information pertaining to the proposed transfer. A transfer of ownership in your Kindermotion Business may only be made in conjunction with a transfer of this Agreement. All transfers must meet the following conditions prior to, or concurrently with, the effective date of the transfer:

(a) the transferee must have sufficient business experience, aptitude, and financial resources to operate a Kindermotion Business;

(b) all your obligations incurred in connection with this Agreement must be assumed by the transferee;

(c) you must pay such amounts owed to us or our affiliates, which are then due and unpaid and all debts to third parties arising out of the operation of your Kindermotion Business must be satisfied or assumed by the transferee;

(d) the transferee and/or its owner(s) must have satisfactorily completed our training program at the transferee's expense;

(e) the transferee must agree and enter into either (i) our then current form of franchise agreement and all related documents, and such other agreements with us required to operate the Kindermotion Business, for the full unexpired term of this Agreement or (ii) a written assignment with you and us, in a form satisfactory to us, whereby the transferee assumes all of your obligations under this Franchise Agreement;

(f) you or the transferee must pay us a transfer fee in the amount of - $3,000.00. The fee is to reimburse us for all of our costs incurred in evaluating the transferee, the transfer terms, training the transferee, to the transferees and to meet all legal requirements.

(g) the Franchise Owner and its owners must execute a general release, in form satisfactory to us, of any and all known and unknown claims against us, our affiliates, and our and their officers, directors, employees, and agents.

(h) the Franchise Owner and its transferring owners must sign and deliver to us a written agreement in favor of us and the transferee, agreeing that for a period of not less than 1 year, commencing on the effective date of the transfer, to comply with the post-term competitive restrictions described in this Agreement (Section 17.5);

(i) removed

(j) if you or your owners finance any portion of the purchase price, you or your owners must agree that the transferee's obligations to you or your owners are subordinate to the transferee's obligations to us;

(k) if, in the opinion of Kinderdance International, the price to be paid for the franchise appears, to result in an unsatisfactory return on investment, Kinderdance International may, without liability to the Franchisee, counsel with such prospective purchaser regarding such opinions;

(l) the transfer must be approved by all necessary regulatory authorities; and

(m) all such other conditions as we may reasonably impose based on the circumstances of the proposed transfer.

If the transferee is a corporation, no new shares of common or preferred voting stock in the transferee corporation may be issued to any person, partnership, trust, foundation, or corporation without obtaining our prior written consent. In addition, each stock certificate of the transferee corporation must have conspicuously endorsed upon it a statement that it is held subject to, and any further assignment or transfer is subject to, all restrictions imposed upon assignments by this Agreement.

15.4 Death or Disability. If you (or any person owning a controlling interest in the Franchise Owner where the Franchise Owner is a corporation) die or become permanently disabled, the executor, administrator, conservator, or other personal representative of that person must transfer that interest to a third party approved by us within a reasonable time (not to exceed 90 days), from the date of death or permanent disability. The transfer will be subject to all the terms and conditions for transfers under Section 15.3 of this Agreement. Failure to transfer in accordance with the provisions of this Section 15.4 or failure to comply with this Agreement after such death or disability and before such transfer constitutes a breach of this Agreement. "Permanent disability" means any condition that prevents or curtails your normal participation in the operation of your Kindermotion Business for periods totaling 6 months or more during any 12-month period.

15.5 Transfer to a Controlled Corporation. This Agreement and the assets and liabilities of your Kindermotion Business may be assigned to a corporation that conducts no business other than your Kindermotion Business, so long as you actively manage the corporation, and remain the principal executive officer of the corporation, and you own, control and the right to vote 51% or more of its issued and outstanding capital stock. All accrued monetary obligations you owe to us must be satisfied prior to the transfer if you are an individual. The articles of incorporation, bylaws and other organizational documents of such corporation must recite that the issuance and assignment of any ownership interest in the corporation are restricted by the terms of this Agreement, and all issued outstanding stock certificates of such corporation must bear a legend reciting or referring to the restrictions of this Agreement on the issuance and transfer of stock in the corporation. As a condition of our approval of the issuance or transfer

of stock in such corporation to any person other than you, we require (in addition to the other requirements we have the right to impose) that the proposed shareholder execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guaranty the performance of, all of your obligations under this Agreement. No new shares of common or preferred voting stock in the transferee corporation may be issued to any person, partnership, trust, foundation or corporation without obtaining our written consent.

15.6 Effect of Consent to Transfer. Our consent to a proposed transfer of the Franchise or any interest in you or your Kindermotion Business pursuant to the provisions of this Section 15 will not constitute a waiver of: (a) any claims we may have against you, or your owners; or (b) our right to demand exact compliance with any of the terms or conditions of this Agreement by any transferee. Any dispute between you and us relating to our failure to consent to a proposed transfer must be submitted to arbitration pursuant to the provisions of this Agreement.

15.7 Compliance with Laws. In connection with any proposed transfer of an interest in this Agreement, your Kindermotion Business or you, you will comply with any laws and regulations that apply to the transfer, including state and federal laws and regulations governing the offer, sale, and transfer of franchises. You must indemnify and hold us and our affiliates and our and their officers, directors, shareholders, and employees harmless against any and all claims arising, and expense incurred (including attorneys' fees), directly or indirectly, from, as a result of, or in connection with, any alleged failure on your part to comply with any franchise law or other applicable law in connection with the transfer.

16. TERMINATION OF THE FRANCHISE.

16.1 Termination by You. If you are in compliance with this Agreement and we materially breach this Agreement and do not correct the breach within 60 days of your written notice to us specifying the breach (or take reasonable steps to correct the breach if it cannot be cured within 60 days), you may terminate this Agreement effective 30 days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed a termination without cause.

16.2 Termination by Us. We may terminate this Agreement in accordance with the following provisions:

(a) 30-Day Notice: We may terminate this Agreement effective 30 days after notice of termination to you on the occurrence of any of the following events and your failure to cure within such time period:

(i) you fail to pay when due any amounts due to us or our affiliates; or

(ii) you fail to comply with this Agreement or any other agreement with us or our affiliates, or any of the Kindermotion System Standards; or

(iii) you engage in any dishonest or unethical conduct that may adversely affect the reputation of your Kindermotion Business, or the goodwill associated with the Marks; or

(iv) you fail to pay when due any federal or state income, service, sales or other taxes arising from operation of your Kindermotion Business, unless you are in good faith contesting your liability for such taxes; or

(v) you do not complete to our satisfaction, or you fail to attend, without good cause in our judgment, any mandatory training program or conference, except that you are allowed to skip 3 of our annual conventions during a 10-year term.

(b) On Notice: We may terminate this Agreement immediately on notice to you, and without any right to cure:

(i) if you fail to open for business within 3 months after completing your initial training.;

(ii) if you repeatedly fail to conform or adhere to any one or more of our Kindermotion System Standards or any other provision of this Agreement or any other agreement with us or our affiliates (after we have previously notified you of the noncompliance and even though you may have cured previous noncompliance); or

(iii) if you (or your affiliate(s)) default under the terms of any promissory note you have given us or under any lease agreement with us or our affiliates; or

(iv) if, without our advance written approval, you abandon, surrender or transfer control of the operation of your Kindermotion Business or otherwise fail to continuously and actively operate your Kindermotion Business for a period of 3 or more consecutive months; or

(v) if you have made any material misrepresentation or omission in applying for the Franchise; or

(vi) if a judgment is rendered against you involving any claim that is likely to adversely affect your reputation, particularly any claims involving child abuse or molestation; or

(vii) if you file a voluntary or involuntary petition in bankruptcy or have a petition in bankruptcy filed against you or you otherwise make an assignment for the benefit of creditors or experience any act of insolvency or enter into any proceedings for the benefit of creditors, or if your real or personal property is levied on or attached and such levy or attachment is not cured; or

(viii) if you are (or have been) convicted by a trial court of or plead no contest to a felony, or other crime or offense that is likely to adversely affect your reputation, our reputation, or the reputation of your Kindermotion Business or any other Kindermotion Business, particularly any crime involving rape, abuse, or sexual assault or battery; or

(ix) if you fail to timely pay amounts due us (or our affiliates), on 3 or more separate occasions, within a 12-month period; or

(x) if you make any unauthorized use, duplication or disclosure of any Confidential Information, the Marks, or the Manuals; or

xi) 90 days after death, or appointment of guardian of the person or personal representative of the estate of Franchise Owner, if Franchise Owner is an individual; 90 days after the death, insanity, or appointment of a guardian of the person or personal representative of the estate of the principal shareholder, if you are a corporation; provided, however, this Agreement will not terminate if, within such 90 days, it is assigned in accordance with the provisions of this Agreement; or

(xii) if a court of proper jurisdiction declares invalid or unenforceable any part of the Agreement relating to either (1) our right to sell, and your requirement to purchase, the Kindermotion Materials and Products or (2) the preservation of any trade names, service marks, trademarks, trade secrets, or trade formulas; or

(xiii) if any license which you are required to have in order to operate is suspended or revoked or you have received notice from regulatory authorities indicating your license to operate will be terminated or canceled and you do not, or cannot, cure the deficiencies or violations within the time limits imposed; or

(xiv) if regulatory developments occur that renders our relationship to you (in our judgment) an undue legal risk.

17. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

17.1 Payment of Amounts Owed to Us. You agree to pay us or our affiliates within 7 days after the effective date of termination or expiration of this Agreement, or any later date that the amounts due to us are determined, any amounts owed for your purchases from us, amounts due us under any promissory notes, interest or penalties due on any of the above, and all other amounts owed to us or our affiliates, which are then unpaid. In addition, you must pay all preferred suppliers all amounts owed to them as of the date of termination. In the event of a termination by you without cause, or by us with cause, you will be responsible for the total minimum monthly royalty payment requirements due for the then unexpired term of this agreement plus re-imbursement for loss or damage sustained as a result of such termination.

17.2 Marks. No later than 7 days after the termination or expiration of this Agreement, you must:

(a) not directly or indirectly at any time identify yourself or any business with which you are associated as a current or former Kindermotion Business or franchise or franchise owner;

(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, remove the Marks from, or destroy (whichever we specify) all forms and materials containing any Mark or otherwise relating to a Kindermotion Business office;

(d) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(e) stop any use or sale of the Kindermotion Materials and Products and teaching of the Kindermotion Programs;

(f) assign to us all of your right, title and interest in and to our telephone numbers for the Kindermotion Business;

(g) assign to us all of your right, title and interest in and to all teaching locations at which you have been operating the Kindermotion Business; and

(h) file all necessary documents to change your corporate name so that it does not include any of the Marks or anything similar to the Marks, including the name Kindermotion.

17.3 De-Identification. You must comply with the following:

(a) Identification: You must not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Kindermotion Business, or as a franchisee, licensee or dealer of us or our affiliates, or formerly as a franchisee, licensee or dealer of us or our affiliates, nor use any Mark, any colorable imitation of the Marks or other indicia of a Kindermotion Business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us or our affiliates.

(b) Name Cancellation: You must take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks.

(c) Materials and Supplies: At our option, you must return all Kindermotion Materials and Products and other materials and supplies identified by the Marks to us for credit or purchase by us at the lesser of net book value as shown on your books and records or fair market value. If any of the Kindermotion Materials or Products are fully depreciated, the purchase price will be the salvage value, not to exceed 5% of the original cost. We may exercise our option to purchase by giving notice to you no later than 10 days after the effective date of termination. You must dispose of all other Kindermotion Materials and Products and other materials and supplies identified by the Marks within 45 days after the effective date of termination or expiration of this Agreement. We have no obligation to repurchase any Kindermotion Materials or Products or other materials or supplies from you.

(d) Satisfactory Evidence: You must furnish us with satisfactory evidence of your compliance with your post-termination obligations within 30 days after the effective date of termination or expiration of this Agreement.

17.4 Confidential Information. You agree that on termination or expiration of this Agreement you will immediately cease to use any of the Confidential Information, and will not use it in any business or for any other purpose. You further agree to immediately return to us your copies of the Manuals and any other materials containing any of the Confidential Information which we have loaned or otherwise provided to you.

17.5 Post-Term Competitive Restrictions. In the event of transfer, termination or expiration of this Agreement in accordance with its terms, you (and each shareholder or partner of any corporation or partnership that is the Franchise Owner) agree that for a period of 1 year after the effective date of termination or expiration, or the date on which you stop operating your Kindermotion Business, whichever is later, neither you, nor any member of your immediate family, nor any such shareholder or partner will:

(a) engage in a Competitive Business, directly or indirectly, on behalf of yourself or any other person or as an employee, proprietor, owner, partner, agent, contractor, employer, consultant, affiliate, or as a director, officer or associate or as a stockholder of any person or entity within the Territory, and/or within the Territory of any Kindermotion Business.

(b) have any direct or indirect interest, as a disclosed or beneficial owner, in any Competitive Business within the area described in subsection 17.5(a) above, except in accordance with other franchise agreements with us; and/or

(c) perform services as a director, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise for any Competitive Business, except other Kindermotion Businesses operated under franchise agreements with us; and/or

(d) have any direct or indirect interest in any entity which is granted or is granting franchises or licenses to others to operate a Competitive Business, except other Kindermotion Businesses operating under franchise agreements with us; and/or

(e) recruit or hire any employee of ours, our affiliates or our franchise owners without our prior written consent and/or that of the other franchise owner or affiliate; and/or

(f) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, consultant, agent, contractor, employer, affiliate, partner, owner, officer, director or associate, or stockholder of any other person or entity; or in any other capacity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, contractors, trade or patronage of ours, our affiliates or any of our franchise owners as such may exist during the term of this Agreement or afterwards.

Notwithstanding the foregoing, the ownership of other Kindermotion Businesses under agreements with us and the aggregate ownership of 2% or less of the issued and outstanding shares of any class of stock of a publicly traded company by the persons to whom this Section 17.5 applies is not prohibited by this Section. The time period of the post-term competitive restrictions will be extended by any length of time in which you or any of your affiliates, successors or assigns or any other party described above are in breach of any term of this Agreement. The terms of this Section 17.5 will continue in full force and effect through the duration of the extended time period.

If any part of the restriction provided in Section 17.5 is found to be unreasonable in time, each month of time may be deemed a separate unit and will be interpreted and applied consist with the requirements of reasonableness and equity. Any judicial reformation of these restrictions consistent with this interpretation will be enforceable as though contained in this Agreement and will not affect any other provisions or terms of this Agreement.

17.6 Continuing Obligations. All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement (including any indemnification obligations) 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.

18. ENFORCEMENT.

18.1 Severability; Substitution of Valid Provisions. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any Kindermotion System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

18.2 Waivers. We will not be deemed to have waived our right to demand exact

compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else. Actions permitted under this Agreement may be taken at any time and from time to time in the actor's sole discretion.

18.3 Limitation of Liability. Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
(b) acts of God;
(c) acts or omissions of a similar event or cause; or
(d) any such delay as may be reasonable.

However, such delays or events do not excuse payments of amounts owed at any time.

18.4 Approval and Consents. Whenever this Agreement requires our advance approval, agreement 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; and will be given in our sole discretion, unless this Agreement states otherwise elsewhere. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

18.5 Waiver of Punitive Damages. WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US UNDER THIS AGREEMENT, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

18.6 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDERPAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (B) CLAIMS FOR INDEMNIFICATION; AND/OR (C) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

18.7 Governing Law. EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. § 1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY THE LAW OF THE STATE OF VIRGINIA. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. References to a law or regulation also refer to any successor law or regulation and

any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor to that agency's functions.

18.8 Jurisdiction. YOU CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN ROANOKE COUNTY, VIRGINIA AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS.

18.9 Waiver of Jury Trial. YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

18.10 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

18.11 Costs and Attorneys' Fees. If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, proceeding to enforce the obligations of the parties under this Agreement.

18.12 Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

18.13 Entire Agreement. This Agreement, including the introduction, addenda and schedules to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

18.14 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

18.15 Construction. The headings of the sections and the glossary are for convenience only. If two or more persons are at any time franchise owners, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. "A" or "B" means "A" or "B" or both. The word "including" means "including but not limited to". This Agreement may be signed in multiple copies, each of which will be an original.

18.16 Certain Definitions. The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any company directly or indirectly owned or controlled by a person, or under common control with a person. The terms "franchisee, franchise owner, you and your" are applicable to one or more persons, a corporation or a partnership, as the case may be. The singular use of any pronoun also includes the plural, and the

masculine and neuter usages include the other and the feminine. The term "person" includes individuals, corporations, partnership and all artificial entities. The term "section" refers to a section or subsection of this Agreement.

18.17 Timing Issues. It is a material breach of this Agreement to fail to perform any obligation within the time required. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "from and including"; and the words "to", "until" and "ending on" (and the like) mean "to but excluding." Indications of time and day mean Virginia time.

19. MEDIATION AND ARBITRATION.

19.1 Agreement to Mediate and Arbitrate. EXCEPT FOR CLAIMS (AS DEFINED BELOW) RELATED TO OR BASED ON THE MARKS (WHICH AT OUR SOLE OPTION MAY BE SUBMITTED TO ANY COURT OF COMPETENT JURISDICTION) AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED BY SECTION 19.4 OF THIS AGREEMENT, any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise ("Claim") between or involving you and us (and/or involving you and/or any claim against or involving any of our affiliates, shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise), which is not resolved within 45 days of notice from either you or us to the other, will be submitted to mediation before a mediator provided by a professional mediation firm and if settlement cannot be agreed on, such matter will be submitted to arbitration in Roanoke County, Virginia. The arbitration will be conducted by the American Arbitration Association pursuant to its Commercial Arbitration Rules. The parties to any arbitration will execute an appropriate confidentiality agreement, excepting only such disclosures and filings as are required by law.

19.2 Place and Procedure. The arbitration proceedings will be conducted in Roanoke County, Virginia. Any Claim and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. The parties agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the Claim to which it relates. Any such Claim which is not submitted or filed in such proceeding will be barred.

19.3 Awards and Decisions. The arbitrator will have the right to award any relief which he deems proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, temporary and/or permanent injunctive relief, and reimbursement of attorneys' fees and related costs to the prevailing party. The arbitrator will not have the authority to award exemplary or punitive damages. The award and decision of the Arbitrator will be conclusive and binding and judgment on the award may be entered in any court of competent jurisdiction. The parties acknowledge and agree that any arbitration award may be enforced against either or both of them in a court of competent jurisdiction and each waives any right to contest the validity or enforceability of such award. Without limiting the foregoing, the parties will be entitled in any such arbitration proceeding to the entry of an order by a court of competent jurisdiction pursuant to an opinion of the arbitrator for specific performance of any of the requirements of this Agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and non-appealable.

19.4 Specific Performance. Nothing in this Agreement bars our rights to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damage, under customary equity rules, including applicable rules for obtaining restraining

orders and preliminary injunctions, by application to a court of competent jurisdiction. You agree that we may have 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 your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

19.5 Survival. This provision continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

20. NOTICES AND PAYMENTS.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) at the time delivered by hand;
(b) 1 business day after transmission by facsimile, telecopy or other electronic system;
(c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
(d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: **KINDERDANCE INTERNATIONAL, INC**.
5115 Bernard Drive # 205
Roanoke, VA. 24018
Attention: _____

If to You: _____
_____
Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in 2 counterparts effective on the Agreement Date.

FRANCHISEE	**KINDERDANCE INTERNATIONAL, INC.**
Print Name: _____	By: _____
Signature: _____	Name: _____
Date: _____	Title: _____
	Date: _____

SCHEDULE ONE

ACKNOWLEDGMENTS BY FRANCHISEE

(a) You acknowledge that complete and detailed uniformity among our franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agree that we, in our sole and absolute right, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. You further agree that we will have no obligation to disclose or offer the same or similar variances to you. You are aware that other Kindermotion franchisees may operate under different agreements and, consequently, that our obligations and rights as to those franchisees may differ materially in certain circumstances.

Your Initials _____ _____

(b) You have received a disclosure document, our standard Franchise Agreement and all related agreements at least 10 calendar days before the execution of this Agreement, and have received a substantially complete version of this Agreement and all related agreements at least 7 calendar days before the execution of this Agreement.

Your Initials _____ _____

(c) You have made no payment to us before the execution of this Agreement.

Your Initials _____ _____

(d) You agree that participation in any program involving movement and motion can result in physical injury and agree to hold Kinderdance International, Inc., its owners, employees and staff harmless from all liability for injuries sustained while participating in the Kindermotion programs.

Your Initials _____ _____

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

SCHEDULE TWO
TO
KINDERMOTION FRANCHISE AGREEMENT
by Kinderdance International Inc.

DATED _____, 20_____

WITH

_____
(Name of Franchise Owner)

Territory. Your Territory is as follows: _____

_____

_____
The population of this territory is approximately_____ (Census). Our records indicate that there are teaching locations available within this marketing area. Current population of your territory (if population exceeds 400,000), less all franchise fees already paid. The cost of the population over 400,000 is currently calculated at $40 per thousand.

PRE-EXISTING FRANCHISE IN TERRITORY

_____
*Please refer to Paragraph 2.2 which states: "You must not attempt to underbid, or, by whatever means, approach or solicit clients, customers or locations which are then currently an active client, customer or location of an existing Kindermotion or Kinderdance Business in the Territory."

FRANCHISEE	**KINDERMOTION INTERNATIONAL, INC.**
Print Name: _____	By: _____
Signature: _____	Name: _____
Date: _____	Title: _____
	Date: _____

SCHEDULE THREE
TO
KINDERMOTION FRANCHISE AGREEMENT
by Kinderdance International Inc.

INITIAL SUPPLY OF KINDERMOTION® MATERIALS

KINDERMOTION® MATERIALS

The following list describes the initial supply of Kindermotion Materials we sell to you after you have paid the Initial Franchise Fee, and during the initial and/or continuing educational training sessions.

Item(s)
Kindermotion Operations Manual
Curriculum and Lesson Plans
Original Music for Teaching Basic Programs
Music for Supplemental Dances (Multiple programs)
Video Training Kit for Teaching Basic programs (KD, KT, KG, KM)
Kindermotion Poster
Kindergym Poster
Kindermotion Poster
Marketing Postcards (1 pack of 50)
Demonstration Day Postcards (1 pack of 50)
92 Word Movement Vocabulary Packet for Kindermotion programs (1 set)
Marketing Presentation
Excerpts from "Book on Kinderdance", Author - Carol Kay Harsell
Personalized Business Cards
General Information Brochures
Kindermotion T-Shirt (Adult)
Kindergym T-Shirt (Adult)
Kindermotion Shirt (Adult)
Kindermotion Leotard (Adult)
Dance Skirt (Adult)
Kindermotion Presentation Shirt (Adult)
Miscellaneous Teaching Tools (Props)
Marketing Video
Kindermotion Class Stickers
Kindergym Stickers
Kindermotion Stickers
Set of Teacher's Aids
Marketing Folders

Total Value Approx. $1000.00
(prices obtained from our current Franchisee boutique and supply order forms)

Business Development Forms

- In House Community Marketing Flyers
- Parent Communication Letters
- “See What We Learn in Kindermotion”
- Basic Program Flyers (KT, KD, KG, KM)
- Sign-up Sheets
- Demonstration Day Registrations and Invitations
- Center Agreements (Flat Rate, Special, Student Hour, Session, Standard Agreement A and Standard Agreement B)
- Kindermotion Progress Reports (Levels 1,2&3)
- Kindergym Progress Reports (Levels 1&2)
- Kindertots Progress Reports
- Kindermotion Progress Reports (All Levels)
- Class Schedule Form
- Termination Notice
- "Year End Demonstration" Invitations
- "Year End Demonstration" Program Templates
- Dancewear and Costume Order Forms
- Sample Advertising Layouts
- Certificates of Achievement and Participation for Students
- Various Promotional and Communication Post Card Masters
- 12 Reasons "Why Directors want the Kindermotion Programs" Flyer
- 10 Reasons "Why Parents want the Kindermotion Programs" Flyer
- Parent/Center Newsletter Templates
- Business Proposal Forms
- Summer Kamp Kindermotion Forms
- Survey Sheets
- Parent Welcome Letter
- Social Media Content

Bookkeeping and Accounting Procedures and Forms

- Rate Sheet Template
- Marketing Master Files
- Invoice Template

Should you decide to take the items with you after training. If you want us to ship these supplies to you, you will pay shipping charges. (unless you make additional purchases during training that total over $500.00)

SCHEDULE FOUR
TO
THE KINDERMOTION FRANCHISE AGREEMENT

DATED _____, 20_____

WITH

_____
(Name of Franchise Owner)

GLOSSARY OF TERMS

This Glossary is intended as a general guideline to assist you in reading the Franchise Agreement. You must review the Franchise Agreement to get an exact definition of a term.

Term	Definition
Advertising Contributions Section 10.3	Your monthly contributions to the Advertising Fund in an amount equal to 3% of your monthly Gross Sales.
Advertising Fund Section 10.3	A fund we have established for advertising, promotion and publications to promote the goodwill and public image of Kindermotion Businesses.
Affiliate Section 18.16	Any company directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person.
Agreement Date Introductory Paragraph	The date of the Agreement.
Agreement Introductory Paragraph	The Franchise Agreement between Kinderdance International, Inc.
Claim Section 19.1	Any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise between or involving you and us (and/or involving you and/or any claim against or involving any of our affiliates, shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise).
Competitive Business Section 9.5(b)	Any business or facility owning, operating or managing (or granting franchises or licenses to others to do so) any service providing movement, gymnastics, motor development or fitness instruction to children in any format or system or any other business that provides the same or similar services as are customarily offered by Kindermotion Businesses.

Term	Definition
Confidential Information Section 9.1	Certain confidential and proprietary information that we have developed to be used in the establishment and operation of Kindermotion Businesses, which includes without limitation: the Kindermotion System, the Kindermotion System Standards and the know-how related to their use; ii. sources and specifications of equipment, forms, materials, services and supplies; iii. advertising, marketing and promotional programs for Kindermotion Businesses; iv. any computer software programs we or our affiliates provide or recommend for use in Kindermotion Businesses and the hardware specifications for running such software; v. the selection, recruitment and training of mangers, service providers and other employees for Kindermotion Businesses; vi. the selection and procurement of locations for Kindermotion Programs; vii. methods, techniques, formats, protocols, specifications, standards, systems, procedures, information, sales and marketing techniques, and knowledge of and experience in the development, operation, and franchising of Kindermotion Businesses; viii. training materials, programs and conference materials designed for franchise owners and personnel of Kindermotion Businesses; ix. all information contained in and contents of all of the Manuals; and x. knowledge of operating results and financial performance of Kindermotion Businesses other than your Kindermotion Business.
Family member Section 18.16	Parents, spouses, offspring and siblings, and the parents and siblings of spouses
Franchise Owner Section 1	You, the person or entity signing the Agreement with the Franchisor
Franchise Section 2.1	The franchise for a Kindermotion Business that we grant to you.
Franchisee Section 18.16	You; one or more persons, a corporation or a partnership, as the case may be.
Franchisor Section 1	Kinderdance International, Inc.
Gross Sales Section 10.4	All revenue you derive from operating the Kinderdance Business including tuition fees, lesson charges, fees, compensation and all amounts you receive at or from any locations, whether from cash, check, barter, credit card or credit transactions, associated with Kinderdance Programs or the Marks; but excluding: (a) customer refunds, credits and allowances actually made, and (b) revenues from the sale of Kinderdance Products you have purchased.
Improvements Section 9.2	Ideas, concepts, methods, techniques or improvements that you or your employees may develop in the course of the operation of your Kindermotion Business, relating to your Kindermotion Business.
Indemnified Parties Section 8.4	Our shareholders, directors, officers, employees, affiliates, agents and assignees and other Kindermotion franchise owners that you must hold harmless against and reimburse for all claims, losses, liabilities, obligations, damages, and taxes arising out of the operation of your Kindermotion Business.
Initial Franchise Fee Section 10.1(a)	The cash, non-recurring fee that you must pay us when you sign this Agreement

Term	Definition
Kindermotion Businesses Section 1.1	The distinctive system for marketing, promoting, advertising, and managing businesses providing movement, gymnastics and fitness programs for young children.
Kindermotion Materials Section 10.1(b)	The posters, flashcards, clothing, mats, cassette tapes, video tapes, business development forms, bookkeeping and accounting forms, and other items which we may sell from time to time, including the initial supply
Kindermotion Products Section 10.5	Kindermotion shirts, leotards, clothing, and other items that we offer to Franchise Owners for sale by Franchise Owners in their Kindermotion Businesses
KINDERMOTION PROGRAMS Section 1.1	The Kindermotion, Kindergym, and Kindermotion Kids Yoga, programs collectively.
Kindermotion System Section 1.1	The distinctive business formats, systems, methods, procedures designs and specifications under which Kindermotion Businesses operate all of which we may improve, further develop or otherwise modify from time to time.
KINDERGYM Section 1.1	The program aimed at children aged 3 to 5. Focuses on gymnastics, motor development and fitness blended with educational concepts.
KINDERMOTION Section 1.1	The program is developmentally designed for ages 3-12 with education through motor skills, physical development, fitness, nutrition and imagery program which prepares students' minds and bodies for athletic and academic pursuits.
KIDS YOGA Section 1.1	The KIDS YOGA Program was designed for 3-5-, 6-8-, and 9–12-year-old children. It is a developmentally designed yoga-based movement program that The program is non-religious and non-spiritual in its approach and content. Children learn the foundations of yoga through storytelling, creative imagery, music, songs, communication, use of props, and creative movement. You will also be required to purchase the Kids yoga kit.
Kits	Media Kit – A Tablet with pre-loaded Music & Marketing Presentation PPT – An Inventory Kit – Initial Supply of Materials Kit
Manuals Section 6.1	Manuals that contain mandatory and suggested specifications, standards, and operating procedures which we prescribe from time to time for Kindermotion Businesses, as well as information about other obligations you have in the operation of your Kindermotion Business.
Marks Section 1.1	The trademarks, service marks, trade names, slogans and other commercial symbols including the trade names Kindermotion, Kindergym, and Kindermotion Kids Yoga that we own, use, promote and license in the operation of Kindermotion Businesses

Term	Definition
Permanent Disability Section 15.4	Any condition that prevents or curtails your normal participation in the operations of your Kindermotion Business for periods totaling 6 months or more during any 12-month period.
Person Section 18.16	Individuals, corporations, partnerships and all artificial entities.
Section Section 18.16	A section or subsection of the Agreement.
Term of this Agreement or Term of the Franchise Section 3.1	The 10 -year period in which the Agreement allows you to operate a Kindermotion Business solely in the Kindermotion Territory and to use the Marks and the Kindermotion System in the operation of your Kindermotion Business and any extension(s) of it.
Territory Section 2.1	The territory we approved and as identified in Schedule 2 to the Agreement where you will operate your Kindermotion Business.
Transfer Section 15.2	The voluntary, involuntary, direct or indirect assignment, sale, or other transfer by you of: (a) any interest in the Agreement; (b) any part or all of the ownership of the Franchise Owner; (c) your Kindermotion Business or any interest in it; or (d) a Testing Unit.

SCHEDULE SEVEN

CONVERSION/RENEWAL ADDENDUM BETWEEN KINDERDANCE INTERNATIONAL, INC. AND

_____

THIS RENEWAL ADDENDUM (the "Addendum") is effective as of _____ (the "Effective Date"). It amends the Franchise Agreement (including any other addenda) (the "Franchise Agreement"), also as of the Effective Date, between KINDERDANCE INTERNATIONAL, INC. ("we," "us" or "our"), and you _____ (you and we are sometimes referred to collectively as the "parties").

1. Precedence and Defined Terms. You are signing the Franchise Agreement simultaneously with this Addendum. This Addendum is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Franchise Agreement.

2. Replacement Agreement. You have been operating a Kindermotion Business under a franchise agreement dated _____ (the "Prior Agreement") with us. You and we have agreed to terminate the Prior Agreement and replace it with the Franchise Agreement, as modified by the terms of this Addendum. Thus, the Prior Agreement is terminated as of the Effective Date. Simultaneous with the signing and delivery of this Addendum, you and we must sign and deliver to each other a full and general release in the form attached to this Schedule 7. This Addendum modifies the terms of the Franchise Agreement, which now governs our relationship with you.

3. Term. The term of the Franchise Agreement begins on _____ the Effective Date.

4. Renewal Franchise Fee. The Renewal Franchise Fee is $ _____ and is payable on the Effective Date. The Renewal Franchise Fee is non-refundable and is fully earned by us when paid.

5. Superfluous Provisions. Since you are currently operating a Kindermotion Business, various provisions of the Franchise Agreement are superfluous. These provisions are:

(a) Section 4.3 dealing with your pre-opening obligations;

(b) Section 5.1 dealing with initial training of your personnel;

(c) Section 5.3, beginning with the words “Should you” and ending with the words “($250.00) per absence”

(d) Section 6.3 regarding opening assistance; and

(e) Sections 10.1 a & b, section 10.2a and Schedule Three (Training Materials) since we have already given you initial training and the initial supply of Kindermotion Materials.

6. Remaining Terms Unaffected. The remainder of the Franchise Agreement is unaffected and is binding on the parties.

7. Effective Date. This Addendum is binding as of the Effective Date, regardless of the actual date of signature.

Intending to be bound, you and we sign and deliver this Addendum to each other as shown below:

FRANCHISEE	**KINDERDANCE INTERNATIONAL, INC.**
Print Name: _____	By: _____
Signature: _____	Name: _____
Date: _____	Title: _____
	Date: _____

RELEASE FOR RENEWAL

THIS RELEASE is given by _____, d/b/a _____ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, "we," "us" or "our"), to KINDERDANCE INTERNATIONAL, INC., an Arizona corporation, and all of its predecessors, affiliates, owners, officers, employees, legal representatives, agents, directors, successors, and assigns and its heirs, beneficiaries, executors and administrators (collectively, "you" or "your"). We are giving you this Release in accordance with the terms of the Renewal Franchise Agreement dated _____.

Effective on the date of this Release, we forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which we now have or ever had against you, including without limitation, anything arising out of the Prior Agreement except for: (a) royalties, promissory note obligations and other amounts you owe us; and (b) your post term obligations under the Franchise Agreement. This Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now.

We are bound by this Release. We freely and voluntarily give this Release to you for good and valuable consideration, and we acknowledge its receipt and sufficiency.

We represent and warrant to you that we have not assigned or transferred to any other person any claim or right we had or now have relating to or against any of you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Virginia law.

This Release is effective _____, 20___ regardless of the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

FRANCHISEE	KINDERDANCE INTERNATIONAL, INC.
Print Name: _____	By: _____
Signature: _____	Name: _____
Date: _____	Title: _____
	Date: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____, 20_____, by _____, _____ of KINDERDANCE INTERNATIONAL, INC., an Arizona corporation, on behalf of the corporation. He/She is personally known to me or has produced _____ as identification.

_____
Signature of Notary

RELEASE FOR CONVERSION

THIS RELEASE is given by_____
and my predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries executors and administrators (collectively, "I" "me" or "my"), to KINDERDANCE INTERNATIONAL, INC., an Arizona corporation, and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and its heirs, beneficiaries, executors and administrators (collectively, "you" or "your"). I am giving you this Release in accordance with the terms of the Conversion/Renewal Addendum dated _____, 20___ (the "Addendum"). Unless otherwise defined in this Release, terms defined in the Addendum have the same meaning in this Release.

Effective on the date of this Release, I forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which I now have or ever had against you, including without limitation, anything arising out of the Prior Agreement, except for your obligations under the Franchise Agreement. This Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now.

I am bound by this Release. I freely and voluntarily give this Release to you for good and valuable consideration, and I acknowledge its receipt and sufficiency.

I represent and warrant to you that I have not assigned or transferred to any other person any claim or right we had or now have relating to or against any of you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Virginia law.

This Release is effective _____, 20 ____ regardless of the actual date of signatures.

IN WITNESS WHEREOF, the undersigned executes this Release:

WITNESSES:

_____ _____

Name: _____
Date: _____

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____, who is personally known to me or who has produced _____ as identification.

_____
Signature of Notary

SCHEDULE NINE

ASSIGNMENT, ASSUMPTION AND AMENDMENT OF FRANCHISE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT (this "Assignment") is between KINDERDANCE INTERNATIONAL, INC. an Arizona corporation (the "Franchisor" or "we," "us" or "our"), and _____
(the "Assignor"), and _____(the "Assignee" or "you" or "your").

BACKGROUND INFORMATION:

The Assignor entered into a franchise agreement with us dated _____ (the "Prior Agreement"). The Assignor wants to transfer the KINDERMOTION® Franchise awarded under the Prior Agreement to you. You want to assume the Assignor's KINDERMOTION® Franchise.
We are willing to consent to such assignment and assumption on the condition that you sign the standard form of KINDERMOTION® Franchise Agreement currently being used by KINDERMOTION®. Accordingly, this Assignment amends the KINDERMOTION® franchise agreement that you and we are simultaneously signing effective with this Assignment (the "Current Agreement").

OPERATIVE TERMS:

Accordingly, the parties agree as follows:

1. Assignment. The Assignor assigns and transfers all of her right, title and interest in and to her KINDERMOTION® franchise and the Prior Agreement to you, as of the effective date. After the effective date: (a) you have all of the rights, powers and privileges under the Current Agreement to operate a KINDERMOTION® business in accordance with the terms of the Current Agreement; (b) the Assignor no longer has any rights to operate a KINDERMOTION® business and relinquishes any rights she may have to do so; and (c) the Prior Agreement is cancelled.
2. Assumption. As of the effective date, you assume all of the obligations of the Assignor under the Prior Agreement. However, in accordance with the terms of the Prior Agreement regarding transfers of the franchise, you are required to, and will, sign and deliver to us the Current Agreement. The Current Agreement will then govern the relationship between you and us, as modified by this Assignment.
3. Acceptance and Consent. In reliance on all of the foregoing, and on our receipt of the signed Current Agreement from you, we approve:
    (a) this Assignment;
    (b) the assignment of the Prior Agreement and the associated KINDERMOTION® franchise to you; and
    (c) your assumption of the Assignor's obligations under the Prior Agreement and all of her obligations under it, as evidenced by the Current Agreement.
4. Post- Termination Compliance. The Assignor agrees to comply with all post-termination obligations imposed by the Prior Agreement except those assumed by the Assignee. Specifically, the Assignor agrees to comply with the post-term competitive restrictions described in Section 17 of, and all of the confidentiality requirements imposed by, the Prior Agreement.
5. Amendment of Current Agreement. Regardless of any inconsistent or conflicting provisions of the Current Agreement, you and we agree as follows:
    (a) Training and Materials: We are not required and have no obligation to furnish you with the initial materials kit and other supply of the materials described in Schedule Three of the Current Agreement.

(b) Fees: You are not required to pay us the initial franchise fee described in the Current Agreement, as long as we have received the transfer fee paid by either you or the Assignor in accordance with the terms of Section 15 of the Prior Agreement;
(c) Term: The term of your KINDERMOTION® franchise and of the Current Agreement expires on _____, 20_____.
(d) Royalties: The minimum royalty obligation and ad fund payments in your Franchise agreement will commence immediately on the effective date of this "Assignment Agreement."

6. Certain Compliance. Notwithstanding any of the foregoing, this Assignment will not become effective unless and until:
   (a) We receive payment of the transfer fee required by Section 15 of the Prior Agreement;
   (b) The Assignor has paid us all royalties, advertising/marketing fees and other amounts due us under the Prior Agreement; and
   (c) We have received our standard form of release signed by the Assignor.
7. Incorporation of Terms and Precedence. The provisions of the Assignment are an integral part of, and are incorporated into, the Current Agreement. Nevertheless, the provisions of this Assignment govern, control and supersede any inconsistent or conflicting provisions of the Current Agreement. Terms not otherwise defined in this Assignment have the meanings as defined in the Current Agreement. Otherwise, the remaining terms of the Current Agreement remain in full force and effect and are binding on you and us.
8. Background Information. The background information is true and correct and is incorporated into this Assignment.
9. Effectiveness. This Assignment is effective as of _____, 20 ____, regardless of the actual date of signature. However, it will not become effective until all conditions for effectiveness specified in this Assignment have been fully satisfied.

Intending to be bound, the parties sign below:

ASSIGNOR:

_____

By:_____
Name:_____
Title:_____
Date:_____

_____
Name:_____
Date:_____

ASSIGNEE:

_____

By:_____
Name:_____
Title:_____
Date:_____

FRANCHISOR:

KINDERDANCE INTERNATIONAL, INC.

By:_____
Name:_____
Title:_____
Date:_____

SCHEDULE ELEVEN

ADDITIONAL TERRITORY
ADDENDUM TO THE FRANCHISE AGREEMENT

DATED

_____

Between

KINDERDANCE INTERNATIONAL, INC.

AND

_____

It is mutually agreed that should the Franchisee request additional territory in excess of the standard 400,000 population as allowed under the terms of our Franchise Agreement, there will be a charge of $40.00 per each additional one thousand population in the area.

All other terms and conditions of the Franchise agreement remain in force and unaltered by the terms of this addendum

FRANCHISEE	**KINDERDANCE INTERNATIONAL, INC.**
Print Name: _____	By: _____
Signature: _____	Name: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT C
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

Supplement to Item 2: NONE

Supplement to Item 3: NONE

EXHIBIT D
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

KINDERMOTION® FRANCHISE OPERATIONS MANUAL

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EXHIBIT E
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

And

LIST OF FORMER FRANCHISEES

The following is a list of all of our Kindermotion and Kinderdance franchisees, their addresses and telephone numbers as of December 31, 2023. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. **According to the Franchise Rule 16 CFR part 436 page 103 in order to protect franchisee privacy operating from a franchisee home we list only the business phone number if any and/or the email address since we are primarily a home-based business model.**

AUSTRALIA
eComsrv Pty Ltd
info@kindermotion.com.au

NEW ZEALAND
eComsrv Pty Ltd
info@kindermotion.com.au

AZ
Tiffany Banks
tiffanycriner.banks@gmail.com

CA
Joanna Collins
hello@kinderdancela.com

CA
Jynaya Joiner
jjoiner@kdwashingtondc.org

CA
Terrie Guevarra
kinderdancer@att.net

CA
Kira Lancaster
kinderdanceeastbay@yahoo.com

CA
Kathy & Trisha Brewer
kdanceofsd@yahoo.com

CYPRUS
Natalie Ioannou
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OR
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TAIWAN
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CHINA – 179 Locations
Beijing Risure Education
info@kindehome.cn

Greece
Edutainment P.C.
info@kinderdance.gr

LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM DURING 2023

Eva Kornreich kinderdancect@gmail.com
Koushallya Arjunan - Kl.illusuion@gmail.com
Joy Guercio - joyguercio@icloud.com
Jessica Griffen - info@kinderdancestpaul.com
Jessica Guarnera - jguarnera@hotmail.com
Talia Matney - kinderdancepnw@gmail.com

The forgoing is a list of franchisees whose franchise agreements have either been terminated, canceled, not renewed, sold their franchise, or ceased to do business during the year ended December 31, 2023 or have not communicated with us within 10 weeks of the date of this Disclosure Document.

EXHIBIT F
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

STATE AUTHORITIES

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AND EFFECTIVE DATE	AGENCY	PROCESS, IF ANY
California **Effective**:	Department of Financial Protection and Innovation Los Angeles Suite 600 320 West 4th Street Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Boulevard Sacramento, CA 95834 San Francisco One Sansome Street, Suite 600 San Francisco, CA 94104-4428	Department of Financial Protection and Innovation Los Angeles Suite 600 320 West 4th Street Suite 750 Los Angeles, CA 90013 1-866-275-2677
Hawaii **Effective:**	Securities Examiner 1010 Richards Street Honolulu, HI 96813	
Illinois Effe ctive :	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana **Effective**:	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	
Maryland **Effective**:	Office of Attorney General Securities Division 20th Floor 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner Office of the Attorney General Securities Division 20th Floor 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan **Effective**:	Office of Attorney General Consumer Franchise Section 670 G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48913	
Minnesota **Effective**:	Minnesota Department of Commerce 133 East Seventh Street St. Paul, Minnesota 55101	
New York **Effective**:	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271	Secretary of State State of New York 41 State Street Albany, New York 12231
North Dakota **Effective**:	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon **Effective**:	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building	

STATE AND EFFECTIVE DATE	AGENCY	PROCESS, IF ANY
	Salem, Oregon 97310	
Rhode Island **Effective:**	Division of Securities 233 Richmond Street, Suite 232 Providence, Rhode Island 02903	
South Dakota **Effective:**	Division of Securities 118 West Capitol Pierre, SD 57501	
Virginia **Effective**:	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington **Effective**:	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	
Wisconsin **Effective**:	Division of Securities Department of Financial Institutions P. O. Box 1768 Madison, Wisconsin 53701	

EXHIBIT G
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC REGULATIONS

CALIFORNIA

The Franchise Disclosure Document is revised to include the following under Industry- Specific Laws:

Because you collect information from customers, it may contain personal information of individuals which is protected by law You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The franchise agreement requires binding arbitration. The arbitration will occur in Roanoke, Virginia, or, if Franchisor's principal place of business is at another location at the time that arbitration is sought, in the city of Franchisor's principal place of business under the auspices of the American Arbitration Association ("AAA") under AAA's Commercial Arbitration Rules then in effect with the each party bearing one-half of the arbitrator's and administration expenses incurred during the arbitration process and prior to a final determination by the arbitrator; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorney fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. 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 the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law.

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 California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

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

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable. The Franchise Agreement contains may contain, provisions requiring binding arbitration. The arbitration will occur at Franchisor's Choice of Law State. 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 the Franchise Agreement restricting venue to a form outside the State of California. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

No disclaimer, questionnaire, clause or statement signed by franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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.

In the state of California, the highest interest rate permitted by law is ten percent (10%).

EXHIBIT H
TO THE KINDERMOTION
FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

ITEM 23 RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF KINDERDANCE INTERNATIONAL, INC. OFFERS YOU A FRANCHISE, KINDERDANCE INTERNATIONAL, INC. MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE PAYMENT TO, THE FRANCHISOR OF AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

IF KINDERDANCE INTERNATIONAL, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT **F**.

Kinderdance International, Inc. authorizes the respective state agencies identified on Exhibit **F** to receive service of process for Kinderdance International, Inc. in the particular state.

I received a Disclosure Document dated January 1, 2024 that included the included the following Exhibits:

Exhibit A Financial Statements
Exhibit B Franchise Agreement (with the following Schedules):

Schedule One: **Acknowledgement By Franchisee**
Schedule Two: **Territory**
Schedule Three: **Initial Supplies**
Schedule Four: **Glossary of Terms**
Schedule Seven: **Conversion/Renewal Addendum**
Schedule Nine: **Assignment/Assumption Amendment**
Schedule Eleven: **Additional Territory**

Exhibit C Information on Franchise Brokers
Exhibit D Table of Contents Operations Manual
Exhibit E List of Franchisees; Franchisees Who Have Left the System
Exhibit F List of State Authorities/Agents for Service of Process
Exhibit G State Specific Regulations
Exhibit H Receipt

_____ _____

Date Franchisee

Franchise Seller: **Richard Maltese, Karen Maltese**
Kindermotion Franchise
By Kinderdance International Inc.
5115 Bernard Drive # 205
Roanoke, VA. 24018 b
(540) 904-2595

ITEM 23 RECEIPT

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Exhibit C	Information on Franchise Brokers
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Exhibit E	List of Franchisees; Franchisees Who Have Left the System
Exhibit F	List of State Authorities/Agents for Service of Process
Exhibit G	State Specific Regulations
Exhibit H	Receipt

_____ _____

Date Franchisee

Franchise Seller: **Richard Maltese, Karen Maltese**
Kindermotion Franchise
By Kinderdance International Inc.
5115 Bernard Drive # 205
Roanoke, VA. 24018 b
(540) 904-2595