FRANCHISE DISCLOSURE DOCUMENT

Kinderdance International, Inc.
An Arizona Corporation
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www.kinderdance.com

The franchise offered is for the operation of a business to provide dance, gymnastics, and fitness educational programs for children ages 15m-12y. We offer 3 different franchise levels: Bronze, Silver, and Gold. A Bronze level franchise is our lowest startup cost entry level franchise.. A Silver level franchise has more programs to teach and a better royalty schedule.. A Gold level franchise is awarded an exclusive operating area with unlimited locations within the exclusive area. All levels are awarded a marketing area consisting of approximately 400,000 population with approximately 250-400 marketing locations.

The total investment necessary to begin operation of a **Bronze** Kinderdance franchised business is **$24,550 to $27,350**. This includes **$21,850** that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a **Silver** Kinderdance franchised business is **$35,000 to $37,750**. This includes **$32,400** that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a **Gold** Kinderdance franchised business is **$46,250 to $49,000**. This includes **$43,650** that must be paid to the franchisor or its affiliates.

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

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 Richard Maltese at 800-554-2334 or richardmaltese@kinderdance.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: April 30, 2025

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 Kinderdance 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 Kinderdance 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.

2. Financial Condition. - The franchisors financial condition, as reflected in its financial statements (see Item 21 – and Exhibit A), calls into question the franchisors financial ability to provide services and support to you.

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

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EXHIBITS

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

Schedule One:	**Acknowledgement By Franchisee**		
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Schedule Three:	**Initial Supplies (Silver, Bronze & Gold)**	Schedule Seven:	**Conversion/Renewal Addendum**
Schedule Four:	**Glossary of Terms**	Schedule Nine:	**Assignment/Assumption Amendment**
Schedule Five:	**Gold Addendum**	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
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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."**

Our Franchise Program.

We grant franchises for the operation of children's dance education businesses (**"Kinderdance Businesses"**) that use our primary service marks: **"KINDERDANCE, KINDERCOMBO, KINDERGYM, KINDERMOTION, KINDERTOTS, KINDERJAZZ, KAMP KINDERDANCE, KDJAZZ, KDCOMBO, KINDERMOTION KIDS YOGA and KINDERDANCE WITH ME"** (the **"Marks"**) in a specified geographic Territory (the **"Territory"**). Kinderdance 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 **"Kinderdance System"**). Based on the level, Kinderdance Businesses work exclusively with the following Kinderdance Programs: KINDERDANCE, KINDERCOMBO, KINDERGYM, KINDERMOTION, KIDS YOGA, KINDERTOTS, KAMP KINDERDANCE KDJAZZ, KDCOMBO. and KINDERDANCE WITH ME. We grant franchises for Kinderdance Businesses in accordance with our franchise agreement.
A copy of it is attached as Exhibit **B**.

Our leading program, the **KINDERDANCE** Program, was designed and developed for three- to five-year-old children based on sound principle, theories, knowledge, and research findings in the field of early childhood education and dance.
The primary goal of the KINDERDANCE Program is for each child to acquire a love for learning while feeling comfortable and confident with their individual movement potential and personality. The KINDERDANCE Program is an "Education through Dance" program concerned with the total development of the child, including the perceptual motor, psychomotor, and affective domains. Preschoolers are taught the basics of Ballet, Tap, Acrobatics and Creative Dance, which are blended with numbers, colors, shapes, and words. The three-year developmental program is designed to meet the needs of Daycare Centers, Nursery Schools, and numerous other diversified locations.

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 **KINDERTOTS** Program is a Pre-Kinderdance Program for two-year-old's, designed to develop motor skills, movement creativity, body awareness, Pre-Ballet, Tap and Acrobatics readiness skills which are blended with colors, numbers, and shapes. It is taught with age-appropriate music and songs.

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 **KINDER "DANCE WITH ME**" Program is for 15-24 Months old children. Its curriculum offers age-appropriate exposure to developmental milestones through dance and sensory-motor activities while nurturing the bond between caregiver and child. Caregivers participate and learn to facilitate the natural exploration and progression of motor development through play, laying the groundwork for academic success as the child grows." (Prerequisite – 1-year successful teaching of KT as determined by KD Corp.)

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.

KAMP KINDERDANCE is an Adventure through Moment summer program that incorporates fun themed lessons for children in Kinderdance, Kindergym, Kindertots, Kindermotion, or Kindercombo programs.

KDJAZZ / KDCOMBO program was designed to meet the needs of older children, ages six to eight, whose attention span and motor abilities are more developed. This program combines two of the following three genres of movement; Jazz, Tap, and Ballet, as determined by the abilities of the franchisee. Basic skills are refined, and more advanced skills are introduced over the course of the dance year. (Pre-requisite – 1 year successfully teaching the Kinderdance® Level 1 program and certification to teach the Kinderdance® Level 2 program. Franchisee must also have an advanced understanding of Ballet, Tap, and Jazz techniques as determined by KD Corp.)

Collectively, we refer to the KINDERDANCE, KINDERCOMBO, KINDERGYM, KINDERMOTION, KIDS YOGA, KINDERTOTS, KAMP KINDERDANCE, KDJAZZ, KDCOMBO and KINDERDANCE WITH ME programs as the **"Kinderdance Programs."** Kinderdance Businesses generally teach the Kinderdance Programs at Child Care centers, 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 Kinderdance Business, but you must operate your Kinderdance Business according to our business formats, methods, procedures, designs, layouts, standards, and specifications.

We offer Bronze, Silver and Gold franchises. We charge a lower initial franchise fee for a Bronze Level franchise but charge a higher royalty. We charge a higher initial franchise fee for Silver, Gold but also a lower royalty. Our Bronze level are limited to the Kinderdance, Kindertots and the Kids Yoga programs. (see Bronze Addendum) See Items 5 and 6. Exhibit **B**, Schedule **6** is a copy of our form of "Bronze Addendum" which modifies our Franchise Agreement for our Bronze Level program. Exhibit **B**, Schedule **7** is a copy of our Conversion Addendum. Exhibit **B**, Schedule **5** is a copy of our standard form of "Gold Addendum" which modifies the Franchise Agreement for our Gold program. See Item 5.

Our Business.

We have been offering franchises for Kinderdance Businesses since February 1, 1985. We conducted a Kinderdance Business ourselves since our incorporation on April 15, 1982, until 1985. We then sold it to a franchisee. We do not engage in other business activities 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 dance, motor development, gymnastics, and fitness educational programs. Competitors may include public and private schools, YMCA's, dance 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 dance 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 Kinderdance 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 your Kinderdance Business 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 Kinderdance Franchisees to pay a licensing fee in order to use music for which the licensing companies have licensing authorization. The basic Kinderdance original music is exempt from these fees.

Conversion
If your territory is eligible, you may convert from a Bronze to a Silver or a Silver to a Gold franchise by signing a new current Franchise Agreement for the unexpired term of the original agreement and paying us a conversion fee. See Agreement 10.1(d) and Schedule 6.

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.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FRANCHISE FEE

We currently charge an initial franchise fee that varies depending on whether you purchase a Bronze, Silver, Gold franchise (the **"Initial Franchise Fee"**).

You must pay us an initial franchise fee based on the franchise level you select:

Bronze: $20,000
Silver: $30,000
Gold: $40,000

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.

In addition to the initial franchise fee, you must pay us the following amounts at or before training:

Initial Inventory Package (required):
Bronze: $250
Silver: $500
Gold: $750

These fees are non-refundable.

Media Kit and Initial Startup Kit (required):

Bronze: $1,600
Silver: $1,900
Gold: $2,900

These fees are non-refundable.

All levels are awarded a marketing area consisting of approximately 400,000 in population with approximately 250-400 marketing locations.

If you convert from a Bronze to a Silver franchise, you must pay us a conversion fee equal to our then current initial franchise fee for Silver franchises in geographic areas with similar population demographics less the amount of the initial franchise fee you have paid us in cash for the Bronze franchise. All amounts owed to us must be paid prior to the conversion.

ITEM 6
OTHER FEES

Name of Fee[1]	**Amount**	**Due Date**	**Remarks**
Initial Inventory	Bronze $250 Silver $500 Gold $750	During initial training	You are expected to keep a small inventory of children's dancewear items for resale.
Royalty[2,5,6,7] - Bronze	Minimum of $200 per month or a percentage of 12% of your monthly Gross Sales,	Payable on 10th day of each month.	Gross Sales are the total of all services sold and all income you derive from operating the Kinderdance Business. The obligation to pay the minimum royalty of $200 per month does not commence until the

Name of Fee[1]	Amount	Due Date	Remarks
	whichever is more.		beginning of the 6th calendar month after completion of training.
Royalty[2,5,6,8] - Silver	Minimum of $200 per month or a variable percentage of 7-10% 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 Kinderdance 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.
Royalty[2,5,6,9] - Gold	Greater of $350.00 per month or a variable percentage of 6-7%, 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 Kinderdance Business. The obligation to pay the minimum royalty of the greater of $350.00 per month thereafter 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 Kinderdance Businesses.
Training of your Employees	After your initial training and outside of our regular training sessions it is $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 2 people under the Gold program, and for 1 person under the Silver or Bronze program, **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 may certify you to train your employees, in which case you may purchase a training kit for each employee you train.
Kits	You will be required to purchase a Media Kit $600.00 and Initial Startup Kit $1000 - $2300 optionally purchase a KDWM $400.00 KDJazz/KDCombo Kit $600.00	During Initial Training	The KDWM, KDJazz/KDCombo, kit will be required if you elect to teach this program(s) otherwise just the media kit is required. KDJazz/KDCombo Each addtl kit is $300 for teachers if needed optionally. See franchise agreement glossary of terms for description of the kits
Additional Kinderdance Materials	Amount determined by our materials price list from time to time	15 days after billing	You may purchase additional Kinderdance materials from us from time to time.
Transfer	Bronze - $3,000 Silver - $5,000 Gold - $8,000	Prior to consummation of transfer	Payable when the Franchise Agreement or a controlling interest in you is transferred.
Renewal Fee	10% of our then	Upon signing new	Our renewal franchise fee will not include

Name of Fee[1]	Amount	Due Date	Remarks
	current initial franchise fee	franchise agreement	the purchase of any Kinderdance Materials.
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 Kinderdance 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)[6]	$250.00	As incurred	Payable per annual conference for any of the first three conferences not attended after initial training.
On Site Training[4]	$1000.00 per person 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 If you are a Bronze or Silver franchise owner and wish to upgrade to a more expensive Franchise, you will be given full credit towards the purchase price of the Upgraded Franchise for any franchise fees previously paid for the Bronze or Silver Franchise.

4 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 person charges for those trainers and must reimburse us for their actual and reasonable travel, lodging and meal expenses.

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

6 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.

7 All Kit pricing is for USA, Puerto Rico & Canada. Contact Kinderdance Corporate for International pricing for kits

8 If you are a Bronze Franchise your royalty is the royalty is the greater of $200 per month or 12%.
As a Silver franchise owner the royalty is the greater of $200 per month or the amount determined in accordance with the following schedule:

Monthly Gross Sales	Royalty
Up to $5,999.99	10%
From $6,000 to $6,999.99	9%
From $7,000 to $7,999.99	8%
$8,000 and above	7%

9 If you acquire a Gold franchise -the royalty is the greater of $350 per month or 6% - 7% (see Gold addendum)

ITEM 7

YOUR ESTIMATED INITIAL INVESTMENT

BRONZE LEVEL

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) Media Kit and Initial Start up kit –	$20,000 $250 $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)	$24,550-$27,350				

SILVER LEVEL

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) Media Kit and Initial Start up kit	$30,000 $500 $1900	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)	$1,750-$3,750(4)	As Incurred	As Incurred	No	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (5)	$35,000-$37,750				

GOLD LEVEL

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) Media Kit and Initial Start up kit	$40,000 $750 $2900	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)	$1,750-$3,750(4)	As Incurred	As Incurred	No	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (5)	$46,250-$49,000				

Explanatory Notes.

1. The current initial franchise fee is $20,000.00 for the Bronze Level, $30,000 for Silver, and $40,000 for Gold, 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 in the Kinderdance Business to compile these estimates. We have based our estimates on the assumption that you will operate your Kinderdance Business from your home and will not need to lease office space.

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 Kinderdance Business except for an initial inventory package and any applicable program and media kits. We offer "KINDERDANCE PRODUCTS" such as Kinderdance shirts, leotards, dance clothing and other items for sale. You may purchase them for resale to customers at your option. Currently, we are the only supplier of Kinderdance products. We do not earn any revenues from your purchases in accordance with our specifications and standards, other than from the sale of Kinderdance products. In the year ending December 31, 2024 our revenues from the sale of Kinderdance products to Franchise owners for resale was $39593 or 8.5% of our total revenues of $465802

Specifications and Standards.

We estimate that there will be no additional cost for equipment, computer hardware, computer software, services purchased with our specifications in connection with the establishment of your Kinderdance business. You must operate your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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. You must maintain comprehensive general liability insurance with a limit of not less than $1 million. 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.

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.

Estimated Proportion of Required Purchases and Leases

Because the Kinderdance franchise is a mobile business and does not require leasing or building out a permanent facility, most required purchases relate to initial program kits, media kits, and optional inventory of branded merchandise. Based on our estimates:

(a) Required purchases and leases constitute approximately 70% to 80% of all purchases and leases a franchisee will make in establishing the franchised business.

(b) Required purchases and leases constitute approximately 10% to 15% of all purchases and leases a franchisee will make in operating the franchised business annually.

These estimates are based on our experience and assume franchisees choose to operate from a home office, as permitted, and only purchase required items from us or approved suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Franchise Disclosure Doc.
(a) Site selection and acquisition/lease	Section 2.2 of Franchise Agreement; Section 20 of the Gold Addendum	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; Section 4 of Gold Addendum; Section 4 of Bronze Addendum; Sections 15-16 of Gold Addendum	Item 11
(e) Opening	Sections 4.4 and 6.3 of Franchise Agreement; Section 16 of Gold Addendum	Item 11
(f) Fees	Sections 3.3, 5.4, 10 and 12 of Franchise	Items 5, 6 and 7

Obligation	Section in Agreement	Item in Franchise Disclosure Doc.
	Agreement; Sections 6 and 7 of Gold Addendum; Sections 6 and 7 of Bronze Addendum; Section 4 of Conversion Addendum;	
(g) Compliance with standards and policies/Operating Manual	Sections 6 and 11 of Franchise Agreement; Sections 15-16 of Gold Addendum	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; Sections 2 and 3 of Gold Addendum; Sections 2 and 3 of Bronze Addendum	Items 11 and 16
(j) Warranty and customer service requirements	None in Franchise Agreement; Section 16 of Gold Addendum	N/A
(k) Territorial development and sales quotas	Section 2 of Franchise Agreement; Section 8 and 20 of Gold Addendum; Section 2 of Bronze Addendum;	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
(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 direct or indirect financing. We do not guarantee your note, lease or obligation

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

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

Pre-Opening Obligations.

Before you open your Kinderdance 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 (or your representative if you are a Silver or Gold Level). (Franchise Agreement - Section 5.1) This training is described in detail later in this Item.

4. Sell you an initial supply of Kinderdance Materials during the initial training program (Franchise Agreement - Section 10.1)

Operational Obligations

During your operation of the Kinderdance Business we will:

1. We will make available our representatives for the purpose of further training, presentation of dance materials, and facilitating the operation of your Kinderdance Business. Our representative will assist you in establishing, standardizing, and refining procedures and techniques essential to the operation of your Kinderdance 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, dance, gymnastics, and fitness techniques, either without charge or according to our then-current price lists.

4. Furnish you with guidance on Kinderdance System Standards. Our guidance and assistance will relate to: sales and marketing; coordinating activities of Kinderdance franchisees; local advertising and promotional programs; children's dance 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 Person 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (Franchise Agreement - Section 14)

9. If you buy a Gold franchise, then:

   (a) we will not grant any additional Kinderdance franchises in the Territory as long as you meet certain minimum performance standards (Gold Addendum – Section 2). See Item 12.

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 Kinderdance Business, the Kinderdance Programs, the Marks, us, and/or the Kinderdance 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 Kinderdance Programs, the Kinderdance System and the Confidential Information.

Advertising Fund

We have established, maintain, and administer an advertising fund (the **"Advertising Fund"**). All franchisees 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 the option of Kinderdance. 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Businesses operating in that geographic area; or (b) that any Kinderdance 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, 2024, the Advertising Fund collected a total of $53942 in addition to which $20447 was carried over from 2024 and a total of $33495 which was spent as follows:

Category	Amount Spent	Percent of Total
1. Ads, Web Site, Local,	$ 33495	62%
2. Administration	$ 0	0%
3. Surplus to 2024	$ 20447	38%
Totals	$ 53492	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 Kinderdance program instruction, you must identify it with the Marks, i.e. (Put up Kinderdance 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 Kinderdance 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 Kinderdance Business opens, we will provide you with initial training on the basic Kinderdance Programs and the operation of a Kinderdance 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 per Silver Level Franchise Owner or more than 2 persons per Gold Level Franchise Owner.

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
Dance 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 Kinderdance Businesses that all aspects of training are integrated, that is, there are no definitive starting and stopping times. The instructors have been working with Kinderdance 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 Kinderdance, Kindergym, Kindermotion, KDJazz, KD Combo, Kindercombo, "optionally" Kids Yoga, Kinderdance with Me 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 Kinderdance franchise, or after buying an existing Kinderdance 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

Silver and/or Bronze Franchises.

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. The Territory will generally consist of one or more counties or other political boundaries.

We do not grant exclusive territories, but we do warrant that we will not appoint more than 1 Silver or Bronze Level 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 Kinderdance (or Kindermotion) Business in the Territory.

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

There is no minimum sales quota which you must meet in order to maintain territorial rights in the Silver or Bronze Level Franchise Program.

Gold Franchises.

The Franchise allows you to operate a Kinderdance Business solely in the Territory. If you participate in the Gold Franchise Program, as long as you are in full compliance with this Agreement, continue to pay the minimum royalty, and meet the minimum active teaching locations quota, you will have:

> (a) the **exclusive** right to operate a Kinderdance Business within, and market and sell the services offered by Kinderdance Businesses using the Marks to customers located in the Territory; and
>
> (b) the non-exclusive right to market and sell services offered by Kinderdance Businesses using the Marks to customers located outside of the Territory, providing you receive written approval from Kinderdance but not within a geographic area exclusively awarded to another Kinderdance franchise owner or one of our affiliates or reserved for us.

In return, you must **not** operate your Kinderdance Business within, solicit customers or offer services offered by Kinderdance Businesses to any customers located or doing business within, a geographic area exclusively awarded to another Kinderdance franchise owner, or one of our affiliates or reserved for us, without prior written consent. You acknowledge that we may grant a franchise to anyone in any geographic area other than the Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory are at your own risk. Also, your exclusive rights in the Territory are subject to the rights of other Kinderdance Franchise owners already operating there. We will disclose any to you.

The Territory will be generally defined by city and/or county boundaries. The Territory is described in Exhibit **B**, Schedule **2** to the franchise agreement at the time of execution of the franchise agreement. The Territory generally includes a population of 400,000 or more as determined by the most recent U.S. census figures but may be more or less.

As a Gold Level franchise to retain exclusive rights in the Territory:

Effective with the beginning of the 3rd year of operations and continuing each year thereafter, you must maintain a minimum of 25 active teaching locations.

When you sign your franchise agreement, you may be required to meet higher quotas, if your Territory is larger than our then-standard Territory. If you elect to market additional programs that we make available, you may be required to sign an addendum to your franchise agreement specifying higher quotas. If you fail to achieve a quota, we will have the right to cancel your exclusivity and to appoint additional Franchisees in the Territory.

The Franchise Agreement does not prohibit you from purchasing additional Franchises nor does it grant any special rights or options to purchase one. Each Franchise Agreement is a separate and distinct transaction between you and Kinderdance International.

Neither the Franchisor nor its affiliates may establish other Franchises or company owned outlets or other channels of distribution selling or leasing similar products or services under a different trademark or using alternative marketing in an exclusive territory.

ITEM 13
TRADEMARKS

Primary Trademark.

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating the Kinderdance Business. All 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	7,631,132	Dec. 31, 2024

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 Kinderdance Business at your own center, you must use the name "Kinderdance" 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. Kinderdance Operations Manual Update	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 Kinderdance Businesses; marketing and advertising programs for Kinderdance Businesses; knowledge of specifications for and suppliers of certain equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Kinderdance 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 Kinderdance 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 Kinderdance 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 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 sal
e and sell additional services and products that we have approved or authorized, so long as the services and products are not inconsistent with the Kinderdance 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 Kinderdance franchisees. If you participate in our Gold Program, you must meet certain minimum quotas. See Item 12.

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.

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 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

Provision		Section in Franchise Agreement	Summary
(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 covenants during the term of the franchise	Section 9.5	No ownership interest in, or performance 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 Kinderdance 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

Table No. 1
Kinderdance Corp. System Wide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2022**	**202**	**225**	**23**
	2023	**225**	**223**	**-2**
	2024	**223**	**223**	**0**
Company-Owned	**2022**	**4**	**4**	**0**
	2023	**4**	**4**	**0**
	2024	**4**	**4**	**0**
Total Outlets	**2022**	**206**	**229**	**23**
	2023	**229**	**227**	**-2**
	2024	**227**	**227**	**0**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Year	# of Transfers
Total	**2022**	**0**
	2023	**0**
	2024	**0**

Table No. 3

Status of Franchised Outlets

For years 2022 to 2024

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	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**						**0**
AZ	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
CA	**2022**	**6**			**2**			**4**
	2023	**4**						**4**
	2024	**4**						**4**
CO	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**	**1**					**1**
CT	**2022**	**1**						**1**
	2023	**1**			**1**			**0**
	2024	**0**						**0**
DE	**2022**	**1**						**1**
	2023	**1**					**1**	**0**

	2024	0						0
FL	2022	5	1		2			4
	2023	1					1	3
	2024	3			3			0
GA	2022	4	1					5
	2023	5						5
	2024	5						5
IL	2022	2						2
	2023	2						2
	2024	2						2
INDIA	2022	13			12			1
	2023	1						1
	2024	1						1
IN	2022	0						0
	2023	0						0
	2024	0						0
KY	2022	1						1
	2023	1						1
	2024	1						1
LA	2022	1						1
	2023	1						1
	2024	1						1
MA	2022	2						2
	2023	2						2
	2024	2						2
MI	2022	1						1
	2023	1						1
	2024	1						1
MD	2022	1						1
	2023	1						1
	2024	1						1
GUATAMALA	2022	1						1
	2023	1						1
	2024	1						1
MN	2022	1						1
	2023	1			1			0
	2024	1			1			0
MO	2022	3						3
	2023	3						3
	2024	3						3
MS	2022	1			1			0
	2023	0						0
	2024	0						0
NC	2022	5						5
	2023	5	2					7
	2024	5	2					7
NJ	2022	3			2			1
	2023	1						1
	2024	1						1
NY	2022	6						6
	2023	6	1					7
	2024	7						7
OH	2022	2						2

	2023	**2**			**1**			**1**
	2024	**1**						**1**
OK	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**						**0**
OR	**2022**	**2**						**2**
	2023	**2**						**2**
	2024	**2**						**2**
PA	**2022**	**3**						**3**
	2023	**3**	**1**					**4**
	2024	**4**						**4**
PR	**2022**	**2**						**2**
	2023	**2**						**2**
	2024	**2**						**2**
RI	**2022**	**2**						**2**
	2023	**2**						**2**
	2024	**2**						**2**
SC	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
TN	**2022**	**2**						**2**
	2023	**2**						**2**
	2024	**2**			**1**			**1**
TX	**2022**	**19**	**1**		**2**			**18**
	2023	**18**	**2**		**1**			**19**
	2024	**19**	**1**		**1**			**19**
VA	**2022**	**3**		**1**				**2**
	2023	**2**						**2**
	2024	**2**						**2**
WA	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
WI	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**						**0**
NEW ZEALAND	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
Australia	**2022**	**3**			**2**			**1**
	2023	**1**						**1**
	2024	**1**						**1**
China	**2022**	**106**	**36**					**142**
	2023	**142**						**142**
	2024	**142**	**2**					**145**
Malaysia	**2022**	**2**			**1**			**1**
	2023	**1**			**1**			**0**
	2024	**1**			**1**			**0**
Singapore	**2022**	**1**			**1**			**0**
	2023	**0**						**0**
	2024	**0**						**0**
UAE	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**

MULDAVIA	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**	**1**					**1**
PAKISTAN	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
Cyprus	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
Mexico	**2022**	**0**						**0**
	2023	**0**						**0**
	2024	**0**						**0**
ROMANIA	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
Taiwan	**2022**	**1**						**1**
	2023	**1**						**1**
	2024	**1**						**1**
Japan	**2022**	**0**	**1**					**1**
	2023	**1**						**1**
	2024	**1**						**1**
Greece	**2022**	**0**	**1**					**1**
	2023	**1**						**1**
	2024	**1**						**1**
Totals	**2022**	**211**	**41**	**2**	**25**			**225**
Totals	**2023**	**225**	**4**		**6**			**223**
Totals	**2024**	**223**	**5**		**5**			**223**

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024

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	**2022**	**4**	**0**	**0**	**0**	**0**	**4**
Virginia	**2023**	**4**	**0**	**0**	**0**	**0**	**4**
Virginia	**2024**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2022**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2023**	**4**	**0**	**0**	**0**	**0**	**4**
Totals	**2024**	**4**	**0**	**0**	**0**	**0**	**4**

Table No. 5
Projected Openings as of December 31, 2024

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**	**5**	**0**
Florida	**0**	**2**	**0**
Maryland	**0**	**0**	**0**
Massachusetts	**0**	**1**	**0**
Missouri	**0**	**1**	**0**
New York	**0**	**1**	**0**
North Carolina	**0**	**1**	**0**
Ohio	**0**	**1**	**0**
Oklahoma	**0**	**1**	**0**
Puerto Rico	**0**	**0**	**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 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, 2022, 2023 and 2024.

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 Five: **Gold Addendum**
Schedule Six: Bronze Addendum
Schedule Seven: **Conversion/Renewal Addendum**
Schedule Eleven: Additional Territory
Schedule Nine: **Assignment/Assumption Amendment**

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 KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

Financials

KINDERDANCE INTERNATIONAL, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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, 2024 and 2023 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, 2024 and 2023 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.

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.

Brinnott & Schalin, LLC

Roanoke, VA
February 27, 2025

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet
December 31, 2024 and 2023

ASSETS

		2024		2023
CURRENT ASSETS				
Cash	$	976,669	$	1,020,607
Accounts Receivable		798		711
Merchandise Inventory		20,811		17,574
Notes receivable, net of allowances of $0 for 2024 and 2023		3,502		4,554
Total current assets		1,001,780		1,043,446
FIXED ASSETS				
Property and equipment		290,523		290,523
Less: accumulated depreciation		(46,108)		(39,301)
Total Fixed assets		244,415		251,222
OTHER ASSETS				
Non-current notes receivable		-		-
TOTAL ASSETS		1,246,195		1,294,668

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Balance Sheet (continued)
December 31, 2024 and 2023

		2024		2023
LIABILITIES AND OWNERS EQUITY				
CURRENT LIABILITIES				
Accounts payable	$	4,604	$	15,960
Line of credit		-		-
Advertising fund liability		91,681		91,681
Deferred revenue - current portion		7,500		5,755
Note payable - current		42,000		40,500
Total current liabilities		145,785		153,896
LONG-TERM LIABILITIES				
Deferred revenue		244,222		300,212
SBA Loan		978,156		979,656
Total long-term liabilities		1,222,378		1,279,868
TOTAL LIABILITIES		1,368,163		1,433,764
STOCKHOLDERS' EQUITY				
Common stock, no par value, 10,000 shares authorized, 1,080 shares issued and outstanding in 2024 and 2023		55,357		55,357
Additional paid-in-capital, includes Forgiven PPP		151,496		151,496
Retained earnings (deficit)		(278,355)		(295,483)
Total		(71,502)		(88,630)
Less- cost of 270 shares of treasury stock		(50,466)		(50,466)
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)		(121,968)		(139,096)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	1,246,195	$	1,294,668

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Income Statement
December 31, 2024 and 2023

		2024		2023
REVENUE				
Royalties	$	219,677	$	225,614
Franchise, transfer and upgrade fees		121,741		57,981
Merchandise sales		39,670		29,941
Tuition income		1,785		103
Advertising fund income		53,942		51,945
Other income		2,984		2,201
Interest income		27,196		17,293
Sales returns and allowances		(1,193)		(277)
TOTAL REVENUE		465,802		384,801
EXPENSES				
Cost of merchandise sales		31,238		20,838
Depreciation		6,807		6,808
Selling, general and administrative		316,338		277,448
Advertising fund expense		33,495		34,919
Interest expense		64,606		25,940
TOTAL EXPENSES		452,484		365,953
NET INCOME OR (LOSS)	$	13,318	$	18,848

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2024 and 2023

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock
Balance December 31, 2022	$ 55,357	$ 151,496	$ (314,529)	$ (50,466)
Dividends	-	-	-	-
Adjustments	-	-	198	-
Net Income	-	-	18,848	-
Balance sheet, December 31, 2023	$ 55,357	$ 151,496	$ (295,483)	$ (50,466)
Dividends	-	-	-	-
Additional Paid in Capital, PPP	-	-	-	-
Adjustments	-	-	3,810	-
Net income	-	-	13,318	-
Balance December 31, 2024	$ 55,357	$ 151,496	$ (278,355)	$ (50,466)

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Statement of Stockholder's Equity
December 31, 2024 and 2023

		2024		2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income or (loss)	$	13,318	$	18,848
Depreciation		6,807		6,808
Adjustments to reconcile net income to net cash provided		-		
by operating activities:		-		
(Increase) decrease in accounts receivable		(87)		486
(Increase) decrease in merchandise inventory		(3,237)		(2,061)
(Increase) decrease in notes receivable		1,052		(4,554)
(Increase) decrease in other assets		-		30,368
Increase (decrease) in accounts payable		(11,356)		4,498
Increase (decrease) in line credit		-		(43,754)
Increase (decrease) in accrued expenses		-		-
Increase (decrease) in deferred revenue		(54,245)		5,755
Net cash provided (used) by operating activities		(47,748)		16,394
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		3,810		198
Note payable		-		-
SBA Loan		-		1,465
Additional Paid in Capital		-		-
Distributions to owners		-		-
Net cash flows provided (used) by financing activities		3,810		1,663
Net increase (decrease) in cash		(43,938)		(239,973)
CASH Beginning of year		1,020,607		1,260,580
CASH End of year	$	976,669	$	1,020,607
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash payments for interest	$	64,606	$	25,940

See accompanying notes.

KINDERDANCE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023.

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 2024 and 2023, the amount of cash for each year is $290,000 and $1,020,607.

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, 2024 and 2023. there was $0 and $0 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:

	2024	2023
	$	$
Furniture and fixtures	32,493	32,493
Franchise Fees - Kinderdance	244,348	244,348
Auto	13,682	13,682
Less: accumulated depreciation	(46,108)	(39,301)
	$ 244,415	251,222

Depreciation expense was $6,807 and $6,808 for the years ended December 31, 2024 and 2023, respectively.

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 2024 and 2023.

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, 2024:

2023
2022
2021

8. COMMITMENTS

The Company has entered into a lease for office space in Roanoke, Virginia under a non-cancelable lease expiring March 31, 2027. For the years ended December 31, 2024 and 2023, rental expense under this lease was $27,272 And $28,767, respectively.

December 31,	
2025	$ 30,785
2026	$ 31,708

9. FRANCHISES

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

	2024	2023
Franchises in operation	223	225
Franchises sold	3	4
Franchises not renewed	(3)	(6)
	223	223

10. NOTE PAYABLE - SBA LOAN

	2024	2023
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	$ 1,020,156

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

2025	$ 42,000
2026	$ 43,500
2027	$ 45,000
2028	$ 46,600
2029	$ 48,150

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, 2024 and 2023 was $0 And $0, 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, 2024 and 2023.

13. Liquidity

Financial assets available for use within one year of the The Balance Sheet is comprised of the following at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 976,669	$ 1,020,607
Investments	-	-
Accounts receivable	798	711
Less: Current liabilities	(145,785)	(153,896)
Less: Other	-	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	$ 831,682	$ 867,422

14. SUBSEQUENT EVENTS

Management evaluated subsequent events through February 27, 2025, 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, 2022

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, 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.

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.

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.

EXHIBIT B
TO THE KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

KINDERDANCE INTERNATIONAL, INC.

FRANCHISE AGREEMENT

Agreement Date: ____

Franchise Owner: ____

Address: ____

____

Territory: ____

____

____

____

Check as Appropriate: Gold ____ Silver ____ Bronze____

Initial Franchise Fee: ______________________________________

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Franchise Agreement
Additional Schedules Control Sheet

The standard KINDERDANCE INTERNATIONAL, INC. 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 (Silver, Bronze & Gold)**
	Schedule Four:	**Glossary of Terms**
	Schedule Five:	**Gold Addendum**
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	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: ____________________

KINDERDANCE INTERNATIONAL, INC.
FRANCHISE AGREEMENT

THIS 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. 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 Kinderdance System. Through the expenditure of considerable time and effort, we have developed a distinctive system for marketing, promoting, advertising, and managing businesses providing dance, gymnastics, and fitness programs for young children ("Kinderdance Businesses"). We have researched and designed a variety of dance, motor development, gymnastics, and fitness programs. The "KINDERDANCE" program is designed for children aged 3 to 5 to learn the basics of ballet, tap, acrobatics, motor development skills, and creative movement, blended with educational concepts. The "KINDERGYM" program is designed for children aged 3 to 5, but focuses on gymnastics, motor development and fitness. The "KINDERTOT" program is for children age 2, focusing on pre-dance, motor development, fitness and tumbling skills. 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 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. The KINDER "DANCE WITH ME" Program is for 15-24 Months old children. Its curriculum offers age-appropriate exposure to developmental milestones through dance and sensory-motor activities while nurturing the bond between caregiver and child. Caregivers participate and learn to facilitate the natural exploration and progression of motor development through play, laying the groundwork for academic success as the child grows." (Prerequisite – 1-year successful teaching of KT as determined by KD Corp.), The KDJAZZ / KDCOMBO – (KINDERCOMBO / KINDERJAZZ) program was designed to meet the needs of older children, ages six to eight, whose attention span and motor abilities are more developed. This program combines two of the following three genres of movement; Jazz, Tap, and Ballet, as determined by the abilities of the franchisee. Basic skills are refined, and more advanced skills are introduced over the course of the dance year. (Pre-requisite – 1 year successfully teaching the Kinderdance® Level 1 program and certification to teach the Kinderdance® Level 2 program. Franchisee must also have an advanced understanding of Ballet, Tap, and Jazz techniques as determined by KD Corp.) The KINDERCOMBO program is for teaching children aged 6 to 8, beginning ballet, tap, modern dance and fitness. Only being taught at select locations. Being replaced by KDCombo. KAMP KINDERDANCE is an Adventure through moment summer program that incorporates fun themed lessons for children in Kinderdance, Kindergym, Kindertots, Kindermotion, or Kindercombo programs.

We refer to all of these programs collectively as the “KINDERDANCE PROGRAMS.” Kinderdance Businesses generally provide their services at child-care centers, pre-schools, grade schools, YMCA's and various other locations. Kinderdance 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 “Kinderdance System”). Kinderdance Businesses work exclusively with the Kinderdance Programs.

We own, use, promote and license certain trademarks, service marks, trade names, slogans and other commercial symbols including the trade names Kinderdance, Kindergym, Kindertots, Kindermotion, KDJazz, KDCombo, Kinderdance with me, Kinderjazz, Kamp Kinderdance and KinderCombo, Kindermotion Kids Yoga, and the slogan Kinderdance Education Through Dance (the "Marks"), in the operation of Kinderdance Businesses. We may in the future, develop, enhance, or modify various aspects of the Kinderdance System and/or the Marks as well as add new trademarks, trade names, service marks, trade dress, and other commercial symbols.

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

1.2 Acknowledgments. None

1.3 No Guarantees. None

1.4 Representations. None

2. GRANT OF FRANCHISE.

2.1 Grant. You have applied for a franchise to own and operate a Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance (or Kindermotion) Business in the Territory.

2.3 Location Restrictions. You may operate (by providing classes, etc.) at locations in the 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 Kinderdance Businesses 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 Kinderdance® 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 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.

(c) 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 Account'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 owner'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 Kinderdance 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 Kinderdance System only for purposes of conducting a Kinderdance Business in accordance with the provisions of this Agreement and our Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance System or the Marks for any purpose other than to conduct your Kinderdance Business within or outside your Territory; or

(c) engage in the operation of any other children's dance, gymnastics or fitness business that is similar to Kinderdance Business within or without your Territory.

3. TERM AND SUCCESSION.

3.1 Term. The Franchise allows you to operate a Kinderdance Business solely in the Territory and to use the Marks and the Kinderdance System in the operation of your Kinderdance Business for a term of 10 years starting on the Agreement Date. For purposes of this Agreement, the phrases "term of this Agreement" or "term of the Franchise" means the 10-year period just described and any extension(s) of it.

3.2 **SUCCESSOR FRANCHISES**. After the expiration of this agreement, you will be eligible to obtain a successor franchise for your Kinderdance 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 Kinderdance 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.

(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 Kinderdance 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. The successor franchise fee does not include the purchase of any Kinderdance Materials.

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 Kinderdance 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 Kinderdance Businesses and may from time-to-time issue revisions. You agree that you will offer all services and products authorized for Kinderdance 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 Kinderdance Business.

4.2 Approved Kinderdance Equipment and Materials. The reputation and goodwill of Kinderdance 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 Kinderdance 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, models, 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 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 Kinderdance 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, worker'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 Kinderdance System, the Marks, and other Kinderdance Businesses. You must secure adequate telephone service (minimum of one direct line) for use in the business and a Kinderdance 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 Kinderdance 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 Kinderdance Business who has not been satisfactorily trained by us or you and signed a Nondisclosure and "Covenant Not to Compete" agreement and the “Employment” agreement in the form approved by us. You must conduct the classes for the Kinderdance Programs yourself unless you have been certified by us as capable of training instructors.

4.6 Franchisee-Owned Dance Center. If you operate your Kinderdance Business at your own center, you must use the name "Kinderdance" as part of the trade name for that center (Put up Kinderdance 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 Kinderdance (us).

5. TRAINING AND PERSONNEL.

5.1 Initial Training. Prior to opening your Kinderdance Business, you must attend and satisfactorily complete the initial training program we hold for our Franchise Owners. Our initial training program covers the basic Kinderdance 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 Kinderdance Business that all your employees have the appropriate training for their jobs. You are responsible for ensuring that all employees of your Kinderdance 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 employee'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 Kinderdance®, Kindergym® Kinderdance with me® *, Kindercombo® 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 Kinderdance franchise, or after buying an existing Kinderdance 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 Kinderdance Business that you request; however, if we do so, you must pay all expenses for that training or assistance, including a per person 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 for "in class" 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, the "Manuals"). 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 Kinderdance Businesses, as well as information about other obligations you have in the operation of your Kinderdance Business. The

Manuals may be modified from time to time to reflect changes in the standards, operating procedures, and other aspects of operating your Kinderdance 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 Kinderdance Business.

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 Kinderdance 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 to:

(a) site selection assistance;

(b) dance, gymnastics, and fitness education;

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

(d) coordinating the activities of all Kinderdance 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 dance materials, and facilitating the operation of your Kinderdance Business. Our representative will assist you in establishing, standardizing, and refining procedures and techniques essential to the operation of your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 or "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 Kinderdance 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 Kinderdance Business to modify or discontinue the use of any of the Marks or for your Kinderdance 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 Kinderdance 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 Kinderdance Business (or otherwise employed by you) and others as the owner of your Kinderdance 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 Kinderdance franchise owners (collectively, "Indemnified Parties") harmless against and reimburse the Indemnified Parties for all losses, liabilities, obligations, damages, and taxes arising out of the operation of your Kinderdance 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 attorneys', accountants', 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.

9.1 Types of Confidential Information. We have developed certain confidential and proprietary information to be used in the establishment and operation of Kinderdance Businesses (the "Confidential Information"). We have the right to use and impart the Confidential Information which includes without limitation:

(a) the Kinderdance System, the Kinderdance 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 Kinderdance Businesses;

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

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

(f) the selection and procurement of locations for Kinderdance 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 Kinderdance Businesses;

(h) training materials, programs and conference materials designed for franchise owners and personnel of Kinderdance Businesses;

(i) all information contained in and contents of all of the Manuals; and

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

9.2 Disclosure and Limitations on Use. We will disclose much of the Confidential Information to you and personnel of the Kinderdance 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 Kinderdance Business, you or your employees may develop ideas, concepts, methods, techniques or improvements ("Improvements") relating to your Kinderdance 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 Kinderdance Businesses. Improvements will then also constitute Confidential Information.

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 Kinderdance 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 you:

(a) 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.

9.4 Exceptions to Confidentiality. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used by businesses providing dance, 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.

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 Kinderdance Businesses if owners of franchised Kinderdance 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 follows:

(a) 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:

(i) 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 Kinderdance 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 Kinderdance (or Kindermotion) 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 dance 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 Kinderdance 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 $30,000 (**the "Silver level Initial Franchise Fee"** see the Gold and Bronze addendum for their respective Initial Franchise Fees) 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 Kinderdance Business; (ii) provide you with initial training for 1 person; and (iii) sell you with an initial supply of Kinderdance Materials for use in your Kinderdance Business.

(b) Kinderdance Materials: The "Kinderdance Materials" are the posters, flashcards, dance 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 Kinderdance Materials are shown on Schedule 3.

(c) In addition to the initial supply of Kinderdance Materials as shown on Schedule 3 you will be required to purchase a minimum starting inventory of children's dancewear for resale. The items will be based on the most popular sizes, colors and styles requested by your customers. The dollar amount of inventory will vary depending on the level of your Franchise as follows:

Bronze	- $250
Silver	- $500
Gold	- $750

Dancewear prices will be those published on our Franchisee's wholesale dancewear order form.
You will be required to purchase a Media Kit, and optionally a Kids Yoga Kit, Marketing Display Kit, KDJazz/KD Combo Kit and/or KDWM Kit:

Initial Startup Kit	- priced per level see schedule 3
Media Kit	-$600
KDWM Kit	-$400*
KDJazz/KDCombo Kit	-$600*

* The KDWM Kit, KDJazz/KDCombo Kit are optionally but required should you decide to be trained in and therefore teach these programs.

(d) Conversion: If your Territory is eligible, after the Agreement Date, you may convert from a Silver to a Gold franchise by signing a new current Franchise Agreement for the unexpired term of the original agreement and paying us a conversion fee equal to our then-current initial franchise fee for

Gold franchises in geographic areas with similar population demographics less the amount of the initial franchise fee you have paid us in cash for the Silver franchise. All amounts owed to us for financing and for unpaid royalties must be paid prior to the conversion. Once you have paid us the conversion fee, you will also be entitled to pay royalties on a Gold level basis beginning the next calendar month following the conversion payment.

10.2 Royalties. You must pay us a continuing royalty of the greater of $200 per month or the amount determined in accordance with the following schedule:

The "Silver level Royalty Schedule"
see the Gold and Bronze addendum for their respective royalty schedules:

Monthly Gross Sales	Royalty
Up to $5,999.99	10%
From $6,000 to $6,999.99	9%
From $7,000 to $7,999.99	8%
$8,000 and above	7%

(a) General: The obligation to pay royalties commences immediately upon receipt of tuition received for any Kinderdance 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 on the sales in accordance with applicable laws and regulations.

10.3 Advertising Contributions. Recognizing the value of advertising to the goodwill and public image of Kinderdance 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 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 their Marks' but excluding: (a) customer refunds, credits and allowances actually made. (b) Kinderdance Products & Attire

10.5 Kinderdance Products and Attire. We reserve the right to offer Kinderdance shirts, leotards, dance clothing, and other items ("Kinderdance Products") to Franchise Owners for sale by Franchise Owners sold to their customers in their Kinderdance Businesses. If you elect to sell Kinderdance Products, you must purchase from us, and we will sell to you, all of the Kinderdance Products you require for your Kinderdance Business. We will sell the Kinderdance 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 Kinderdance 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 Kinderdance 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. KINDERDANCE SYSTEM STANDARDS.

11.1 Importance of Uniformity. You acknowledge that every detail of your Kinderdance Business is important--not only to you, but to us and to all Kinderdance 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 Kinderdance 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 Kinderdance Business in accordance with the mandatory specifications, standards, operating procedures, and rules that we prescribe for the development and operation of Kinderdance Businesses (the "Kinderdance System Standards"). Your operation of your Kinderdance Business in accordance with the Kinderdance System Standards is essential to preserve the goodwill of the Marks and of all Kinderdance Businesses. Therefore, during the term of this Agreement, you must at all times develop, maintain, and operate your Kinderdance Business in accordance with each and every Kinderdance System Standard, as periodically modified and supplemented by us from time to time.

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

(a) dance 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 Kinderdance Business;

(k) arrangements for third parties (including national or regional accounts) for the furnishing to the customers of your Kinderdance 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 Kinderdance 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 Kinderdance Businesses in general;

(q) preparation and retention of records; and

(r) use of standard forms and contracts.

You agree that Kinderdance 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 Kinderdance System Standards as periodically modified.

11.3 Modification of Kinderdance System Standards. We may periodically modify Kinderdance System Standards. In addition, we may accommodate regional or local variations in Kinderdance System Standards in our discretion. Modifications to Kinderdance System Standards may obligate you to invest additional capital in your Kinderdance Business and/or incur higher operating costs. Nevertheless, any modifications to Kinderdance 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 Kinderdance 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 Kinderdance Business will offer, in the manner we prescribe, all services and products that we from time to time authorize for Kinderdance Businesses; and (b) your Kinderdance Business will not offer or provide any products or services we have not approved for Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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. Kinderdance 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 Kinderdance 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 Kinderdance 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, is intended to maximize recognition of the Marks and patronage of Kinderdance 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 Kinderdance 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 Kinderdance Businesses operating in that geographic area or that any Kinderdance 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 Kinderdance 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 Kinderdance System Standards. You must maintain a yellow page listing under the name "Kinderdance " 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 Kinderdance® Business, the Kinderdance® Programs, the Marks, us, and/or the Kinderdance® 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 Kinderdance® Programs, the Kinderdance® 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 Kinderdance® Programs or the Kinderdance® 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 Kinderdance 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 Kinderdance Business and a balance sheet for your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Business are complying with this Agreement and with the Kinderdance 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 Kinderdance Business for such periods as we deem necessary;

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

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

(d) interview the landlords or other providers of locations for the Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 person 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Business in a divorce proceeding or otherwise by operation of law; or

(iv) transfer of an interest in the Franchise Owner or your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 determined by the type of Franchise being transferred as follows: Bronze- $3,000.00, Silver- $5,000.00 and Gold-$8,000.00. 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 Kinderdance 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 Kinderdance Business may be assigned to a corporation that conducts no business other than your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance System Standards; or

(iii) you engage in any dishonest or unethical conduct that may adversely affect the reputation of your Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Business or otherwise fail to continuously and actively operate your Kinderdance 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 Kinderdance Business or any other Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance Materials and Products and teaching of the Kinderdance Programs;

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

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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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 Kinderdance 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.

Maryland:

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

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

The franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

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: ____________________

Maryland Franchise Agreement Addendum

This Addendum is attached to and made part of the Franchise Agreement between **Kinderdance International Inc.** ("Franchisor") and the undersigned franchisee. The provisions of this Addendum apply only to franchises offered and sold in the State of Maryland and shall supersede any conflicting provisions in the Franchise Agreement.

1. **Surety Bond Requirement**:
   Franchisor has posted a surety bond with the Maryland Securities Division in the amount of $[insert amount] as a condition of registration. This bond ensures Franchisor's performance of its pre-opening obligations under the Franchise Agreement.
2. **Acknowledgement**:
   The Franchisee acknowledges and agrees that this Addendum has been executed simultaneously with the Franchise Agreement and is an integral part thereof.
3. **Sections Deletions**: Section 1.2 Acknowledgments, 1.3 Garranties, 1.4 Representations: are deleted.

FRANCHISEE		**KINDERDANCE INTERNATIONAL, INC.**	
Print Name:	______________________________	By:	________________________________
Signature:	______________________________	Name:	________________________________
Date:	____________________	Title:	________________________________
		Date:	_____________________

SCHEDULE ONE

ACKNOWLEDGMENTS BY FRANCHISEE

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
THE KINDERDANCE INTERNATIONAL, INC.
FRANCHISE AGREEMENT

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. Upgrading to a Gold Franchise during the term of this Agreement will be based on the then current pricing and/or then 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 Kinderdance (or Kindermotion) Business in the Territory."

FRANCHISEE	**KINDERDANCE INTERNATIONAL, INC.**
Print Name: ____________________________	By: ______________________________
Signature: ____________________________	Name: ______________________________
Date: __________________	Title: ______________________________
	Date: ___________________

SCHEDULE THREE
TO
THE KINDERDANCE INTERNATIONAL, INC. FRANCHISE AGREEMENT
INITIAL SUPPLY OF KINDERDANCE® MATERIALS

BRONZE LEVEL
KINDERDANCE® MATERIALS

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

Item(s)

- Kinderdance Operations Manual
- Kinderdance Teacher Training Manual
- Curriculum and Lesson Plans
- Original Music for Teaching KD Programs
- Music for teaching multiple programs
- Video Training Kit for Teaching programs (KD, KT)
- Video Training Kit for Teaching Kids Yoga (all ages)
- Kinderdance Poster
- Kids Yoga Poster
- Marketing Postcards (1 pack)
- Word Movement Vocabulary Packet for Kinderdance program (1 set)
- Marketing Presentation
- Personalized Business Cards
- General Information Brochures
- Kinderdance T-Shirt (Adult)
- Kids Yoga Shirt (Adult)
- Kinderdance Leotard (Adult)
- Dance Skirt (Adult)
- Kinderdance Presentation Shirt (Adult)
- Miscellaneous Teaching Tools (Props)
- Class Stickers for the children
- Set of Teacher's Aids
- Marketing Folders

Total Value Approx. $1,000.00
(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 Kinderdance”
- Program Flyers (KT, KD, KY)
- Sign-up Sheets
- Demonstration Day Registrations and Invitations
- Center Agreements (Flat Rate, Special, Student Hour, Session, Standard Agreement A and Standard Agreement B)
- Kinderdance Progress Reports (Levels 1,2&3)
- Kindertots Progress Reports
- Kids Yoga Progress Reports
- 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 Kinderdance Programs" Flyer
- 10 Reasons "Why Parents want the Kinderdance Programs" Flyer
- Parent/Center Newsletter Templates
- Business Proposal Forms
- Summer Kamp Kinderdance Forms
- Survey Sheets
- Parent Welcome Letter
- Social Media Content

Bookkeeping and Accounting Procedures and Forms

- Rate Sheet Template
- Marketing Master Files
- Invoice Template

Hiring Teacher Documents

- Employee Agreement
- Employee Application
- Interview Script
- Employee Non-Compete Agreement
- Teacher Advertising Templates
- Media Release Form
- Employee Incentive Agreement
- Teacher Training Certificate Template

SCHEDULE THREE
TO
THE KINDERDANCE INTERNATIONAL, INC. FRANCHISE AGREEMENT

INITIAL SUPPLY OF KINDERDANCE® MATERIALS

SILVER LEVEL KINDERDANCE® MATERIALS

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

Item(s)

- Kinderdance Operations Manual
- Curriculum and Lesson Plans
- Original Music for Teaching KD Programs
- Music for teaching multiple programs
- Video Training Kit for Teaching programs (KD, KT, KG, KM)
- Video Training Kit for Teaching Kids Yoga (all ages)
- Kinderdance Poster
- Kindergym Poster
- Kindermotion Poster
- Kids Yoga Poster
- Marketing Postcards (1 pack)
- Demonstration Day Postcards (1 pack)
- Word Movement Vocabulary Packet for Kinderdance programs (1 set)
- Kinderdance Teacher Training Manual
- Marketing Presentation
- Personalized Business Cards
- General Information Brochures
- Kinderdance T-Shirt (Adult)
- Kindergym T-Shirt (Adult)
- Kindermotion Shirt (Adult)
- Kids Yoga Shirt (Adult)
- Kinderdance Presentation Shirt (Adult)
- Kinderdance Leotard (Adult)
- Dance Skirt (Adult)
- Miscellaneous Teaching Tools (Props)
- Class Stickers for the children
- Set of Teacher's Aids
- Marketing Folders

Total Value Approx. $1,300.00
(prices obtained from our Franchisee boutique and supply order forms)

Business Development Forms

- In House Community Marketing Flyers
- Parent Communication Letters
- “See What We Learn in Kinderdance”
- Program Flyers (KT, KD, KG, KM, KY)
- Sign-up Sheets
- Demonstration Day Registrations and Invitations
- Center Agreements (Flat Rate, Special, Student Hour, Session, Standard Agreement A and Standard Agreement B)
- Kinderdance Progress Reports (Levels 1,2&3)
- Kindergym Progress Reports (Levels 1&2)
- Kindertots Progress Reports
- Kindermotion Progress Reports (All Levels)
- Kids Yoga Progress Reports
- 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 Kinderdance Programs" Flyer
- 10 Reasons "Why Parents want the Kinderdance Programs" Flyer
- Parent/Center Newsletter Templates
- Business Proposal Forms
- Summer Kamp Kinderdance Forms
- Survey Sheets
- Parent Welcome Letter
- Social Media Content

Bookkeeping and Accounting Procedures and Forms

- Rate Sheet Template
- Marketing Master Files
- Invoice Template

Hiring Teacher Documents

- Employee Agreement
- Employee Application
- Interview Script
- Employee Non-Compete Agreement
- Teacher Advertising Templates
- Media Release Form
- Employee Incentive Agreement
- Teacher Training Certificate Template

SCHEDULE THREE
TO
THE KINDERDANCE INTERNATIONAL, INC. FRANCHISE AGREEMENT

INITIAL SUPPLY OF KINDERDANCE MATERIALS

GOLD LEVEL KINDERDANCE MATERIALS

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

Item(s)

Kinderdance Operations Manual
Curriculum and Lesson Plans
Original Music for Teaching KD Programs
Music for teaching multiple programs
Video Training Kit for Teaching programs (KD, KT, KG, KM)
Video Training Kit for Teaching Kids Yoga (all ages)
Marketing Postcards (1 pack)
Demonstration Day Postcards (1 pack)
Kinderdance Poster
Kindergym Poster
Kindermotion Poster
Kids Yoga Poster
Word Movement Vocabulary Packet for programs (2 sets)
Kinderdance Teacher Training Manual
Marketing Presentation
Personalized Business Cards
General Information Brochures
Kinderdance T-Shirts (Adult)
Kindergym T-Shirt (Adult)
Kindermotion Shirt (Adult)
Kids Yoga Shirt (Adult)
Kinderdance Leotards (Adult)
Dance Skirts (Adult)
Kinderdance Presentation Shirts (Adult)
Miscellaneous Teaching Tools (Props)
Class Stickers for the children
Set of Teacher's Aids
Marketing Folders

Total Value Approx. $ 2,300.00
(prices obtained from our Franchisee boutique and supply order forms)

Business Development Forms

- In House Community Marketing Flyers
- Parent Communication Letters
- “See What We Learn in Kinderdance”
- Program Flyers (KT, KD, KG, KM, KY)
- Sign-up Sheets
- Demonstration Day Registrations and Invitations
- Center Agreements (Flat Rate, Special, Student Hour, Session, Standard Agreement A and Standard Agreement B)
- Kinderdance Progress Reports (Levels 1,2&3)
- Kindergym Progress Reports (Levels 1&2)
- Kindertots Progress Reports
- Kindermotion Progress Reports (All Levels)
- Kids Yoga Progress Reports
- 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 Kinderdance Programs" Flyer
- 10 Reasons "Why Parents want the Kinderdance Programs" Flyer
- Parent/Center Newsletter Templates
- Business Proposal Forms
- Summer Kamp Kinderdance Forms
- Survey Sheets
- Parent Welcome Letter
- Social Media Content

Bookkeeping and Accounting Procedures and Forms

- Rate Sheet Template
- Marketing Master Files
- Invoice Template

Hiring Teacher Documents

- Employee Agreement
- Employee Application
- Interview Script
- Employee Non-Compete Agreement
- Teacher Advertising Templates
- Media Release Form
- Employee Incentive Agreement
- Teacher Training Certificate Template

All levels – 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 KINDERDANCE INTERNATIONAL, INC.

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 Kinderdance 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. 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 dance, 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 Kinderdance 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 Kinderdance Businesses, which includes without limitation: the Kinderdance System, the Kinderdance 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 Kinderdance Businesses; iv. any computer software programs we or our affiliates provide or recommend for use in Kinderdance Businesses and the hardware specifications for running such software; v. the selection, recruitment and training of mangers, service providers and other employees for Kinderdance Businesses; vi. the selection and procurement of locations for Kinderdance 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 Kinderdance Businesses; viii. training materials, programs and conference materials designed for franchise owners and personnel of Kinderdance Businesses; ix. all information contained in and contents of all of the Manuals; and x. knowledge of operating results and financial performance of Kinderdance Businesses other than your Kinderdance 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 Kinderdance 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 Kinderdance Business, relating to your Kinderdance Business.
Indemnified Parties Section 8.4	Our shareholders, directors, officers, employees, affiliates, agents and assignees and other Kinderdance 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 Kinderdance 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
KAMP KINDERDANCE Section 1.1	is an Adventure through moment summer program that incorporates fun themed lessons for children in Kinderdance, Kindergym, Kindertots, Kindermotion, or Kindercombo programs.
KDJAZZ / KDCOMBO **(KINDERCOMBO/KINDERJAZZ)**	The program was designed to meet the needs of older children, ages six to eight, whose attention span and motor abilities are more developed. This program combines two of the following three genres of movement; Jazz, Tap, and Ballet, as determined by the abilities of the franchisee. Basic skills are refined, and more advanced skills are introduced over the course of the dance year. (Pre-requisite – 1 year successfully teaching the Kinderdance® Level 1 program and certification to teach the Kinderdance® Level 2 program. Franchisee must also have an advanced understanding of Ballet, Tap, and Jazz techniques as determined by KD Corp.)
KINDERCOMBO Section 1.1	The program for teaching children aged 6-8. Focuses on a combination Beg. Ballet, Tap, Modern Dance and fitness skills. (Prerequisite – A franchisee must spend one dance year teaching the Kinderdance®, Kindergym®, and Kindertots® programs, and be certified to teach Kinderdance® level 2 before being trained to teach the Kindercombo® age group.) Only still taught at select locations. Replaced by KDCombo
KINDERDANCE Section 1.1	The program designed for children aged 3 to 5 to learn the basics of ballet, tap, acrobatics, motor development and creative dance, blended with educational concepts.
Kinderdance Businesses Section 1.1	The distinctive system for marketing, promoting, advertising, and managing businesses providing dance, gymnastics and fitness programs for young children.
Kinderdance Materials Section 10.1(b)	The posters, flashcards, dance 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
Kinderdance Products Section 10.5	Kinderdance Attire shirts, leotards, dance clothing, and Other Items that we offer to Franchise Owners for sale to their customer in their Kinderdance Businesses
KINDERDANCE PROGRAMS Section 1.1	Depending on your Franchise Level, the Kinderdance, Kindergym, Kindertots, Kindercombo, Kinderdance with me, and Kindermotion , Kids Yoga, and other programs we create or modify.
Kinderdance System Section 1.1	The distinctive business formats, systems, methods, procedures designs and specifications under which Kinderdance 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 3-8 (and by special arrangement 9-12) 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

Term	Definition
	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
KINDERTOTS Section 1.1	The program teaching children age 2 Pre-dance, motor development, tumbling and movement creatively blended with numbers, colors and shapes.
KINDER DANCE WITH ME Section 1.1	Program is for 15-24 Months old children. Its curriculum offers age-appropriate exposure to developmental milestones through dance and sensory-motor activities while nurturing the bond between caregiver and child. Caregivers participate and learn to facilitate the natural exploration and progression of motor development through play, laying the groundwork for academic success as the child grows." (Prerequisite – 1-year successful teaching of KT as determined by KD Corp.) You will also be required to purchase the KDWM kit
Kits	Media Kit – A Tablet with pre-loaded KD Music & Marketing Presentation PPT Initial Startup Kit, KDJazz and KDCombo Kits/ KDWM Kits - Choreography, Manual Pages, Props, Dancewear Etc.
Manuals Section 6.1	Manuals that contain mandatory and suggested specifications, standards, and operating procedures which we prescribe from time to time for Kinderdance Businesses, as well as information about other obligations you have in the operation of your Kinderdance Business.
Marks Section 1.1	The trademarks, service marks, trade names, slogans and other commercial symbols including the trade names Kinderdance, Kindergym, Kindertots, Kindercombo and Kindermotion and the slogan Kinderdance Education Through Dance that we own, use, promote and license in the operation of Kinderdance Businesses
Permanent Disability Section 15.4	Any condition that prevents or curtails your normal participation in the operations of your Kinderdance 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 Kinderdance Business solely in the Kinderdance Territory and to use the Marks and the Kinderdance System in the operation of your Kinderdance 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 Kinderdance 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 Kinderdance Business or any interest in it; or (d) a Testing Unit.

SCHEDULE FIVE
GOLD ADDENDUM
TO THE KINDERDANCE INTERNATIONAL, INC.
FRANCHISE AGREEMENT

THIS GOLD PROGRAM ADDENDUM (the **"Addendum"**) supplements the Franchise Agreement dated ________________________ (the **"Franchise Agreement"**) between **KINDERDANCE INTERNATIONAL, INC.** ("we," "us" or "our") and you, ____________________. It is effective as of ________________________.

1. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum have the same meanings as defined in the Franchise Agreement. This Addendum modifies, and supersedes any contrary provisions of, the Franchise Agreement.

2. **Territorial Rights**. The Franchise allows you to operate a Kinderdance Business solely in the Territory. As long as you are in full compliance with this Agreement and you continue to pay the minimum royalty, you will have:

(a) the exclusive right to operate a Kinderdance Business within, and market and sell the services offered by Kinderdance Businesses using the Marks to customers located in, the Territory as defined in Schedule 2; and

(b) the non-exclusive right to market and sell services offered by Kinderdance Businesses using the Marks to customers located in adjacent areas outside of the Territory, but not within a geographic area exclusively awarded to another Kinderdance franchise owner or one of our affiliates or reserved for us.

In return, you must not operate your Kinderdance Business within, solicit customers or offer services offered by Kinderdance Businesses to any customers located or doing business within, a geographic area exclusively awarded to another Kinderdance (or Kindermotion) franchise owner, or one of our affiliates or reserved for us, without our prior written consent. You acknowledge that we may grant a franchise to anyone in any geographic area other than the Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory are at your own risk.

3. **Previous Franchise Owners**. You understand that we may have previously awarded franchises to others who have different territorial rights and obligations, but also have the right to operate their Kinderdance Businesses in the Territory (the "Prior Owners"). We will disclose any Prior Owners to you. Accordingly, you agree and acknowledge that your exclusive territorial rights are subject to the rights of the Prior Owners and that the Prior Owners may continue to operate their Kinderdance Businesses in the Territory.

4. **Locations.** You may operate at any unlimited number of locations in the Territory.

5. **Initial Training**. Prior to opening your Kinderdance Business, you must attend and satisfactorily complete the initial training program we hold for our Franchise Owners. Our initial training program covers the Kinderdance 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 five to seven days before you open your business. We provide the initial training free of charge to you and 1 other person. 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 two persons.

6. **Initial Franchise Fee.** In addition to the "Silver Level" Franchise Fee of $30,000.00, you must pay us an Additional Franchise Fee of ($10,000.00) for total of **$40,000.00** less any approved discounts.

7. **Royalties**. You must pay us a continuing monthly royalty equal to the greater of $350.00 for the remaining term of the Agreement, or 6 to 7% of the monthly Gross Sales of your Kinderdance Business determined in accordance with the following schedule:

Monthly Gross Sales	Royalties
Up to $9,999.00	7%
$10,000.00 and Above	6%

(a) General: The obligation to pay royalties commences immediately upon receipt of tuition received for any Kinderdance 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.

8. **Performance Quotas**. Effective with the beginning of Year 3 of operations and continuing each year thereafter, you must maintain a minimum of 25 active teaching locations.

9. **Remaining Terms Unaffected**. All remaining terms and conditions of the Franchise Agreement are unaffected by this Addendum, and continue to be effective and binding on the parties.

Intending to be bound, you and we sign and deliver this Addendum effective as of the Agreement Date, regardless of the actual date of signature.

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

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SCHEDULE SIX

BRONZE ADDENDUM
TO THE KINDERDANCE INTERNATIONAL, INC.
FRANCHISE AGREEMENT

THIS BRONZE PROGRAM ADDENDUM (the "Addendum") supplements the Franchise Agreement dated ________________ (the "Franchise Agreement") between KINDERDANCE INTERNATIONAL, INC. ("we," "us" or "our") and you, ___________________. It is effective as of the Agreement Date.

1. Precedence and Defined Terms. Terms not otherwise defined in this Addendum have the same meanings as defined in the Franchise Agreement. This Addendum modifies, and supersedes any contrary provisions of, the Franchise Agreement.

2. Territorial Rights. The Franchise allows you to operate a Kinderdance Business in the Territory. As long as you are in full compliance with this Agreement and you continue to pay the minimum royalty, you will have:

   (a) the non-exclusive right to operate a Kinderdance Business within, and market and sell the services offered by Kinderdance Businesses using the Marks to customers located in, the Territory.

   (b) the non-exclusive right to market and sell services offered by Kinderdance Businesses using the Marks to customers located outside of the Territory, but not within a geographic area exclusively awarded to another Kinderdance franchise owner or one of our affiliates or reserved for us.

In return, you must not operate your Kinderdance Business within, solicit customers or offer services offered by Kinderdance Businesses to any customers located or doing business within, a geographic area exclusively awarded to another Kinderdance (or Kindermotion) franchise owner, or one of our affiliates or reserved for us, without our prior written consent. You acknowledge that we may grant a franchise to anyone in any geographic area including the Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory are at your own risk.

3. Previous Franchise Owners. You understand that we may have previously awarded franchises to others who have different territorial rights and obligations, but also have the right to operate their Kinderdance Businesses in the Territory (the "Prior Owners"). We will disclose any Prior Owners to you. Accordingly, you agree and acknowledge that your non-exclusive territorial rights are subject to the rights of any Prior Owners and that the Prior Owners may continue to operate their Kinderdance Businesses in the Territory.

4. Locations and Programs: You may operate at locations in the Territory.and teach the following programs. Kinderdance, Kindertots and the Kids Yoga programs.

5 Initial Training. Prior to opening your Kinderdance Business, you must attend and satisfactorily complete the initial training program we hold for our Franchise Owners. Our initial training program covers the Kinderdance 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 five to seven 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.

6. Initial Franchise Fee. The Bronze Level Franchise Fee is reduced to $20,000.00 less any approved discounts.

7. 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 Kinderdance Business.

8. Conversion. If your territory is eligible, after the Agreement Date, you may convert from a Bronze to a Silver franchise by signing a new current Franchise Agreement for the unexpired term of the original agreement and paying us a conversion fee equal to our then current initial franchise fee for Silver franchises in geographic areas with similar population demographics less the amount of the initial franchise fee you have paid us in cash for the Bronze franchise. All amounts owed to us for financing and for unpaid royalties must be paid prior to the conversion. Once you have paid us the conversion fee, you will also be entitled to pay royalties on a Silver level basis beginning the next calendar month following the conversion payment.

9. Remaining Terms Unaffected. All remaining terms and conditions of the Franchise Agreement are unaffected by this Addendum, and continue to be effective and binding on the parties.

Intending to be bound, you and we sign and deliver this Addendum effective as of the Agreement Date, regardless of the actual date of signature.

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

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 Kinderdance 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 Kinderdance 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 Kinderdance 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 KINDERDANCE® Franchise awarded under the Prior Agreement to you. You want to assume the Assignor's KINDERDANCE® Franchise.
We are willing to consent to such assignment and assumption on the condition that you sign the standard form of KINDERDANCE® Franchise Agreement currently being used by KINDERDANCE®. Accordingly, this Assignment amends the KINDERDANCE® 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 KINDERDANCE® 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 KINDERDANCE® business in accordance with the terms of the Current Agreement; (b) the Assignor no longer has any rights to operate a KINDERDANCE® 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 KINDERDANCE® 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 KINDERDANCE® 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 KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

Supplement to Item 2: Some of our Gold franchisees have chosen to act as our **AREA REPRESENTATIVES** in their territory. Their names, location, and any litigation required to be disclosed in this Franchise Disclosure document are described below:

CAROL BAIRD- Area Representative
MANHATTAN & BRONX

KIRTHANA RAMARAPU - Area epresentative
THE TERRITORY PARTS OF INDIA

ANDREA GUTIERREZ - Area Representative
SAN ANTONIO AREA IN TEXAS

HEATHER HARDESTY- Area Representative
TRAVIS & WILLIAMSON COUNTIES IN TEXAS

MADELINE VERA - Area Representative
KINGS COUNTY, NEW YORK

SHASTA BRIDGES - Area Representative
ATLANTA, GEORGIA

SHARON SIMMONS - Area Representative
HOUSTON, TEXAS

BEIJING RISURE EDUCATION– Master – China

eComsrv Pty Ltd – Master - Parts of Australia

DANA DANCA – Area Representative - Romania

MYRNA CAMACHO - Area Representative
HUDSON AND BERGEN COUNTIES, NEW JERSEY

DEBBIE SACKETT – Area Representative
Benton, Clackamas, Lane, Linn Multnomah, Polk, Washington, Tamhill counties in WA. State

MOLLY AMEIS – Area Representative
St Charles, St. Louis City and County, Franklin, Jefferson, Warren and Lincoln counties, MO.

SUSAN RACETTE – Area Representative
MA/RI/TX

SCOTT POULSON- Area Representative
Fort Worth TX / Tarrant, Collin & Denton counties

DEBORAH BAIN - Area Representative
Areas near Seattle WA

TAMARA SALUME – Area Representative – Guatemala

ANDREA GUTIERREZ – Area Representative – Hidalgo County, Texas

Supplement to Item 3: NONE

EXHIBIT D
TO THE KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS TO THE
KINDERDANCE OPERATIONS MANUAL

EXHIBIT E
TO THE KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES
And
LIST OF FORMER FRANCHISEES

The following is a list of all of our franchisees, their addresses and telephone numbers as of December 31, 2024. 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	CO Kristie Spielhagen info@thatplacehostingkindermotion.com
GA Samantha Paterson samanthapatterson@kinderdance.com	GA Colette Cottman info@ kinderdancefulton.com	GA Shasta Bridges shasta@kinderdanceatlanta.com
GA Destiny Browder destinybrowder@hotmail.com	GA Areille Martin Martinareielle159 @gmail.com	IL Michelle Fritz kinderdance.metroeast@gmail.com
INDIA LPIPL Kirthana Ramarapu kirthana@kinderdance.com	LA Kea Crivelli kinderdancenola@kinderdance.com	KY Jop Hall hall@kinderdance.com
MULDAVIA Dana Iancu	MD Karen Rodd	MA Alicia Shurtleff

office@kinderdance.ro	krodd@kinderdance.com	asdancer25@ymail.com
MI Tamra Odrobina todance@kinderdance.com	MO Molly Ameis mollyameis@hotmail.com	MO Lindsey Mullinax (Gossage) lindseykinderdance@gmail.com
MO Jennifer Sitzes jensitzes@kinderdanceswmo.com	NC Ana Puyol kdana@kinderdance.com	NC Cassandra Germain cmgacademic@gmail.com
NC Nichole Weddington (Harris) Kinderdanceclt@gmail.com	NC Martha Wade Wrenn Chaires KinderdanceMartha@yahoo.com	NC Zaribel Clay zaribel@kinderdance.com
NC Mary Esposito mary.kinderdance@nc.rr.com	NC Susan Hill susanhill@kinderdance.com	NJ Myrna Camacho kinderdancenj@yahoo.com
NY Carol Baird kinderdancenyc@aol.com	NY Elizabeth Capozzi kinderdance28@mac.com	NY - 2 Locations Brooklyn - Queens Madeline Vera madvera1@gmail.com
NY Nelson Soto Beauso1@verizon.net	NY Doris Velez JustD28@aol.com	NY Julia Groth info@kinderdancesuffolk.com
PAKASTAN Fahad Foroog fahad@kinderdance.com	OH Lisa Coleman Lisa.colman@kinderdancecolumbus.com	PA April Ramos AprilJoy@kinderdance.com
OR Deborah Sackett jkmoylan@msn.com	PA Molly Reichard mollyreichard@kinderdancenwpa.com	PA Candi Ressetar candi@ressetar.com
PA April Ramos Apriljoy @kinderdance.com	PR Nayda Rivera kidsdancenlearn@gmail.com	PR Mayra Delgado Aviles miadancepr@yahoo.com
ROMANIA Dana Iancu office@kinderdance.ro	RI Alicia Shurtleff asdancer25@ymail.com	SC Brianna Black kdupstatesc@kinderdance.com

CYPRUS Natalie Ioannou natali.ioannou@gmail.com	TN Jop Hall hall@kinderdance.com	TX Brian Borchardt Brian@kinderdancectx.com
TX Wendy Wood Tully wendydances@hotmail.com	TX Angela Fox Collins kinderdancing@yahoo.com	TX Sara Campbell saracampbell@kinderdance.com
TX Heather Hardesty kinderdanceaustin@sbcglobal.net	TX - 2 locations Andrea Gutierrez (Mosher) kdofhidalgo@gmail.com	TX Sharon Simmons kinderdancekids@aol.com
TX Ashley Sands kinderdancentx@gmail.com	TX Marisela Montes info@kdfortbend.com	TX Rebecca Hubbell capitalkinderdance@kinderdance
TX Eboni Bango (Barnes) Eboni.kinderdance@gmail.com	TX Paul Poulson kdfortworth@kinderdance.com	TX Susan Racette sracette@usa.net
MA Susan Racette sracette@usa.net	RI Susan Racette sracette@usa.net	TX Deborah Bain dhgbain@gmail.com
TX Chelsea Farris Chelfarr2005@gmail.com	TX Vianca Lilley kinderdancergv@gmail.com	TX Christine Joyce Jdandcd2020@gmail.com
TX Jasmine Romero kinderdancebymsjazzy@gmail.com	VA Laura Gallager lauragallager@gmail.com	GUATEMALA Tamara Salume tamarasalume@gmail.com
WA Deborah Bain dhgbain@gmail.com	Japan Deborah Bain dhgbain@gmail.com	United Arab Emirates Kunal and Reena Dhamecha kunald@aswan.ae
TAIWAN Beijing Risure Education info@kindehome.cn	CHINA – 145 Locations Beijing Risure Education info@kindehome.cn	Greece Edutainment P.C. info@kinderdance.gr

LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM DURING 2024

Karen Wirt keswirt@gmail.com

Tracey Gilbert tblackorlando@aol.com

Melia Millanti kinderdanceatx@gmail.com

Divinia Davidson kinderdancenova@gmail.com

Hazel Beckford hazelbeckford@kinderdancecbc.com

EXHIBIT F
TO THE KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

STATE AUTHORITIES

LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

STATE AND EFFECTIVE DATE	AGENCY	PROCESS, IF ANY
California	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	Securities Examiner 1010 Richards Street Honolulu, HI 96813	
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204	
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan	Office of Attorney General Consumer Franchise Section 670 G. Mennen Williams Building 525 West. Ottawa Lansing, Michigan 48913	
Minnesota	Minnesota Department of Commerce 133 East Seventh Street St. Paul, Minnesota 55101	
New York	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	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310	
Rhode Island	Division of Securities 233 Richmond Street, Suite 232 Providence, Rhode Island 02903	

STATE AND EFFECTIVE DATE	AGENCY	PROCESS, IF ANY
South Dakota	Division of Securities 118 West Capitol Pierre, SD 57501	
Virginia	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	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	
Wisconsin	Division of Securities Department of Financial Institutions P. O. Box 1768 Madison, Wisconsin 53701	

EXHIBIT G
TO THE KINDERDANCE
FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC REGULATIONS

Maryland

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

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

The franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

Pursuant to Maryland Franchise Law and based on the franchisor's financial condition, the Maryland Securities Commissioner has required that the franchisor post a surety bond. Accordingly, the franchisor has posted a surety bond in the amount of $50,000.00 with the Maryland Securities Division to ensure performance of its pre-opening obligations under the Franchise Agreement. The surety bond is currently on file with the Maryland Securities Division.

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.

EXHIBIT H
TO THE KINDERDANCE
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, DC. 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 April 30, 2025 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 Six:	Bronze Addendum
Schedule Three:	Initial Supplies (Silver, Bronze & Gold)	Schedule Seven:	Conversion/Renewal Addendum
Schedule Four:	Glossary of Terms	Schedule Nine:	Assignment/Assumption Amendment
Schedule Five:	Gold Addendum	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**
Kinderdance International Inc.
5115 Bernard Drive # 205
Roanoke, VA. 24018
(540) 904-2595

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 payme nt 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, DC. 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 April 30, 2025 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 Six:	Bronze Addendum
Schedule Three:	Initial Supplies (Silver, Bronze & Gold)	Schedule Seven:	Conversion/Renewal Addendum
Schedule Four:	Glossary of Terms	Schedule Nine:	Assignment/Assumption Amendment
Schedule Five:	Gold Addendum	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**
Kinderdance International Inc.
5115 Bernard Drive # 205
Roanoke, VA. 24018
(540) 904-2595