Business Center

~~March 1, 2016~~April 15, 2017

FRANCHISE DISCLOSURE DOCUMENT

Received
LA Mailroom
MAY 02 2017
Department of
Business Oversight

KWIK KOPY BUSINESS CENTERS, INC.
A Texas Corporation
One Kwik Kopy Lane
Cypress, Texas 77429
(888) 454-7328
www.kkbconline.com

The Franchise offered is for a business which provides digital print, finishing services, business marketing and promotional services and other related services under the name Kwik Kopy Business Center.

The total investment necessary to begin operation of a Kwik Kopy Business Center franchise is estimated between ~~$220,192 and $246,350~~$210,970 and $237,128. This includes $65,500 that must be paid to the franchisor.

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

You may wish to receive your Franchise Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact the Franchise Development Support Manager at 12715 Telge Road, Cypress, Texas 77429 and (281) 256-4424.

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

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

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

Issuance Date: ~~March 1, 2016~~April 15, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

EXHIBITS

Applicable state law may require additional disclosures related to the information contained in this Franchise Disclosure Document. These additional disclosures, if any, appear in Exhibit F.

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Terminology

To simplify the language in this Disclosure Document, "We," "Us," "Our," or "KKBC" means Kwik Kopy Business Centers, Inc., the franchisor. "You or Your" means the person who buys the franchise and includes your owners if you are a corporation, partnership or other business entity.

The Franchisor and Predecessor

We are a Texas corporation formed on February 8, 2001. Our principal business address is 12715 Telge Road, Cypress, Texas 77429. Our incorporated name was Kwik Biz, Inc. and was subsequently changed to Kwik Kopy Business Centers, Inc. We are a master licensee of Kwik Kopy Corporation. Other than Kwik Kopy Business Center, Kwik Kopy, and Parcel Plus we do not do business under any other names at our locations. KKBC locations operating under the terms of the Franchise Agreement included in this Disclosure Document will not be authorized to do business under the Parcel Plus brand name. We reserve the right to co-brand one or more of our trademarks and franchise systems with an affiliate or non-affiliate system in the future.

Since 2005, we have operated one company-owned Kwik Kopy Business Center which was closed in September, 2010.

Kwik Kopy Corporation is a Nevada corporation, incorporated on December 9, 1991, and it entered into a license agreement with us on June 1, 2001. Kwik Kopy Corporation's principal place of business is 12715 Telge Road, Cypress, Texas 77429. Kwik Kopy Corporation's predecessor is Kwik Kopy Corporation, a Texas corporation, which was formed in 1969 and then dissolved and merged with Kwik Kopy (Nevada) on December 12, 1991.

The predecessor to the Kwik Kopy Corporation (Nevada) was Kwik Kopy Corporation (Texas), and offered Kwik Kopy Printing franchises from 1969 to 1991. From time to time it owned and operated company units. These were typically for research and development purposes or involved the reacquisition of a franchise until such time as it was sold to another franchisee.

Former Kwik Kopy Corporation (Texas) offered franchises in other lines of business. Between 1975 and 1979 a picture framing franchise was offered under the name "My Workshop." Eight franchises were sold. Between 1980 and 1981, a private mail box rental franchise was offered under the name "Kall Kwik." Eleven franchises were granted.

Kwik Kopy Printing franchises have been offered by Kwik Kopy Corporation since 1969. These franchises provide printing, reproduction and related services. There are ~~47~~40 domestic Kwik Kopy Printing franchises.

Our agents for service of process are listed in an exhibit to this Disclosure Document.

The Parent and Affiliates

We are a wholly owned subsidiary of International Center for Entrepreneurial Development, Inc., (ICED). ICED is also the parent company for subsidiaries Kwik Kopy Corporation, American Wholesale Thermographers, Inc., The Ink Well of America, Inc., Franklin's Systems, Inc., Computertots, Inc. d/b/a COMPUTER EXPLORERS and Telge Leasing, Inc. All companies have the same principal address at 12715 Telge Road, Cypress, Texas 77429. Except for Telge Leasing, Inc., these subsidiaries offer franchises under other trademarks. ICED and these subsidiaries, except for Telge Leasing, Inc., will be referred to as affiliates in this Disclosure Document. Many of the support services and functions you are offered are substantially the same and commonly administered through the franchisor, the parent company and affiliated subsidiaries.

Our master license agreement with Kwik Kopy Corporation allows us to combine the know-how of the Kwik Kopy Printing system into the Kwik Kopy Business Center franchises we offer as administered by us. You will receive your primary support from us. Kwik Kopy Printing Franchisors may also supply specialized support.

In the United States, Kwik Kopy Business Centers, Inc. has not engaged in any other business. We have four master licenses for seven other countries. A master license is granted the right to operate a Kwik Kopy Business Center Business in a country or countries as a franchisor. The first master license was granted in 2004.

Regarding the other ICED subsidiaries, from 2000 to 2014 Eagle Franchise Systems, Inc. offered franchises that existed under the name Parcel Plus and that offered packaging, shipping and business support services. In 2014, Eagle Franchise Systems, Inc. sold its assets and no longer acts as the franchisor of the Parcel Plus franchise system. American Wholesale Thermographers, Inc. has offered franchises since 1982 and offers specialty wholesale printing. American Wholesale Thermographers, Inc. has 5 franchises. The Ink Well of America, Inc. has offered franchises since 1981 and offers printing, reproduction and related services. The Ink Well of America, Inc. has ~~7~~5 franchises. Franklin's Systems, Inc. has offered franchises since 1977 and offers printing, reproduction and related services. Franklin's Systems, Inc. has 4 franchises. From 1988 to 2003, ECW Corporation, the predecessor of Computertots, Inc., d/b/a COMPUTER EXPLORERS, offered franchises providing technology education programs and related services. On August 27, 2003, Computertots, Inc., d/b/a COMPUTER EXPLORERS purchased all of the existing COMPUTER EXPLORERS franchise agreements and the rights to continue operating the franchise system from ECW Corporation. Since August 2003 Computertots, Inc. d/b/a COMPUTER EXPLORERS has offered franchises and provides technology education programs and related services and has ~~26~~17 franchises. Telge Leasing, Inc. has offered equipment lending to existing franchisees of the ICED subsidiaries since 2002. None of these affiliated Franchisors offer or operate businesses of the type being offered in this Disclosure Document.

Franchise Being Offered/Competition/Other Information About Our Business

Kwik Kopy Business Centers, Inc. franchises the right to operate a business that provides business support services, including but not limited to, printing and reproduction services, marketing material, marketing consultation, design, typesetting, promotional products, signs,

ITEM 3. LITIGATION
(Of Franchisor and Parent Company)

~~**Pending Action**~~

~~*The Ink Well of America, Inc. vs. Sutton Printing Enterprises, Inc., Robert E. Sutton, Shirley A. Sutton and Steven L. Sutton*; in the 11th Judicial District, Harris County, Texas, Cause Number 2015-62256. Filed October 19, 2015. The Ink Well of America, Inc. terminated Defendants' Franchise Agreement due to default. The Ink Well of America, Inc. subsequently filed suit alleging breach of contract, violation of the covenant not to compete and trademark infringement. The Ink Well of America, Inc. seeks damages in excess of $147,236.00 for past due continuing royalty payments (also referred to as "franchise service fees") plus damages for its other claims. Defendants filed an answer to the suit on or about January 4, 2016 asserting The Ink Well of America, Inc.'s claims are false, misleading and untrue. Defendant Steven L. Sutton filed a special appearance challenging personal jurisdiction, which was denied on February 2, 2016. This litigation is currently pending.~~

Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2016, three (3) suits were initiated against franchisees and former franchisees as follows:

Suits to collect franchise service fee payments, enforce in-term obligations and restrictions and to enforce the covenant not to compete:

Kwik Kopy Business Centers, Inc. vs. Manish Patel and Rhynika, Inc.; in the 215th Judicial District, Harris County, Texas, Cause Number 2016-52399. Filed on August 8, 2016. Kwik Kopy Business Centers, Inc. terminated Defendants' Franchise Agreement due to default. Kwik Kopy Business Centers, Inc. subsequently filed suit alleging breach of contract and trademark infringement. Defendants filed an answer to the suit on or about September 30, 2016 denying all material allegations. Kwik Kopy Business Centers, Inc. seeks damages in excess of $118,507.00 for past due franchise service fees. This litigation is currently pending.

The Ink Well of America, Inc. vs. Peter W. Wefel and Molly M. Wefel; in the 269th Judicial District, Harris County, Texas, Cause Number 2016-46636. Filed July 14, 2016. The Ink Well of America, Inc. terminated Defendants' Franchise Agreement due to default. The Ink Well of America, Inc. subsequently filed suit alleging breach of contract, violation of the covenant not to compete and trademark infringement. The Ink Well of America, Inc. seeks damages in excess of $39,741.60 for past due continuing royalty payments (also referred to as "franchise service fees"), plus damages for its other claims. This litigation is currently pending.

Suits to enforce the covenant not to compete and other end of term obligations and restrictions after expiration of the franchise agreement:

Kwik Kopy Corporation vs. Jebrimax, LLC, Jeffrey Richardson, Brian Richardson, Maxine Richardson, S. Dennedy Enterprises, LLC d/b/a Blue Ash Design/Printing, and Sean Patrick Dennedy; in the 129th Judicial District, Harris County, Texas, Cause Number 2016-15931. Filed

March 11, 2016. The Franchise Agreement for Jebrimax, LLC, Jeffrey Richardson, Brian Richardson and Maxine Richardson (Jebrimax Defendants) expired October 22, 2015. Upon expiration of Jebrimax Defendants' Franchise Agreement, Jebrimax Defendants were required to return to Kwik Kopy Corporation all technical and business materials resulting from operation under their franchise agreement. Instead of returning the materials to Kwik Kopy Corporation, the Jebrimax Defendants sold the technical and business materials to S. Dennedy Enterprises, Inc. d/b/a Blue Ash Design/Printing, and Sean Patrick Dennedy (Dennedy Defendants). Kwik Kopy Corporation subsequently filed suit alleging breach of contract, conversion and tortious interference with a contract. The parties reached an agreement of settlement and an order of non-suit was signed August 4, 2016.

Other suits:

The Ink Well of America, Inc. vs. Sutton Printing Enterprises, Inc., Robert E. Sutton, Shirley A. Sutton and Steven L. Sutton; in the 11th Judicial District, Harris County, Texas, Cause Number 2015-62256. Filed October 19, 2015. The Ink Well of America, Inc. terminated Defendants' Franchise Agreement due to default. The Ink Well of America, Inc. subsequently filed suit alleging breach of contract, violation of the covenant not to compete and trademark infringement. The Ink Well of America, Inc. sought damages in excess of $147,236.00 for past due continuing royalty payments (also referred to as "franchise service fees"), plus damages for its other claims. Defendants filed an answer to the suit on or about January 4, 2016 asserting The Ink Well of America, Inc.'s claims are false, misleading and untrue. Defendant Steven L. Sutton filed a special appearance challenging personal jurisdiction, which was denied on February 2, 2016. The parties have fully settled and resolved the claims and disputes of this lawsuit. A join notice of non-suit was filed and the order of dismissal was signed October 7, 2016.

Other than these actions, no other litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 6. OTHER FEES *

Type of Fee	Amount	Due Date	Remarks
Franchise Service Fee	7% of Gross Sales, subject to a monthly minimum of $875.	Report and pay via EFT on the fifth day of the month following the month for which Franchise Service Fees are due.	See Paragraph 5.02 and 5.04 of Franchise Agreement.
Repeat or Additional Classroom/Lab Initial Training	Currently $1,100 per person.	Before commencement of the training class/session.	See Paragraph 2.04 of Franchise Agreement.
Training after Initial Training	$300 per day plus reimbursement of trainer's expenses, estimated to be between $100-$150 per day.	Immediately upon invoice	Expense is optional.
Other Business Authorized or Not Authorized and Engaged in at your Kwik Kopy Business Center	Same as and included with Franchise Service Fee described above.	Fifth day of the month following the month for which Franchise Service Fee is due.	See Paragraph 4.10 of KKBC Franchise Agreement.
Cost of Audit	All expenses we incur if you fail to submit a Sales Report within 45 days from date it is due; or if an audit is required to be re-scheduled due to your lack of preparation or poor condition of your records; or if the audit establishes your failure to report sales or pay any Franchise Service Fees by at least 2% of that which should have been reported or paid.	Immediately upon invoice.	See Paragraph 4.16 and 4.17 of the KKBC Franchise Agreement.
Late Sales Report	~~Up to 5% of the Franchise Service Fee~~$5.00 per day for each ~~month~~ day the Sales Report is late.	Immediately upon invoice	See Paragraph 5.06 of Franchise Agreement.
Late Payment of Franchise Service Fee	~~Up to 5% of the Franchise Service Fee~~$5.00 per day for each ~~month~~ day the Franchise Service Fee is late.	Immediately upon invoice.	See Paragraph 5.07 of Franchise Agreement.
Registration fees and other fees related to specific programs.	As may be determined by KKBC to help defray costs of seminars, conference and other programs.	Upon invoice or as otherwise specified by KKBC.	See Paragraph 2.13 of Franchise Agreement.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee	$35,000 (New Center) Or $10,000 (re-branded existing center) (Note 1)	Lump Sum or as financed. See cash discount in Item 5 and Flex Financing option in Item 10.	$5,000 deposit when you sign the Franchise Acceptance Letter. Balance due when the Franchise Agreement is signed (new center only).	Us
Start-Up Fees (Training Expenses)	$15,500 (Note 1)	Lump Sum	Ten business days before Classroom/Lab training begins.	Us
Pre-Paid Operating Fee	$15,000 (Note 1)	Lump Sum	Ten business days before Classroom/Lab training begins.	Us
Classroom/Field-Related Expenses	$1,500 –$2,000 (Note 2)	As incurred	Before and as incurred throughout Classroom/Lab training.	Airline, restaurant, employee, etc.
Required KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies Inventory (Initial Package)	~~$72,222~~$63,000 (Note 3)	Lump Sum for those items purchased for you by us.	Before the end of Classroom/Lab training.	Us
Freight & Set-up of Equipment	$2,500 - $7,500 (Note 4)	As incurred	Before the end of Classroom/ Lab training or within ten days after completion of training if financed.	Us
Copier/Lease Payments	$1,610 - $2,464 (Note 5)	As incurred	Monthly beginning when the lease is signed	Equipment lessors
Real Property (Premises Lease)	$3,500 - $5,750 (Note 6)	As incurred	Monthly beginning when the lease is signed	Landlord
Security Deposit/ Fees for Premises Lease	$5,000 - $6,200 (Note 7)	As incurred	As per the premises lease agreement	Landlord
Security Deposit/ Fees for Copier Leases	$1,610 - $2,464 (Note 7)	As incurred	As per the copier lease agreement	Equipment lessors
Miscellaneous Opening Costs	$1,750-$2,250 (Note 8)	As incurred	Before opening.	Local suppliers, utility companies, carriers, insurance company, etc.
Additional Funds – 12 months Working Capital	$65,000-$80,000 (Note 9)	As incurred	As incurred.	Suppliers, lessors, employee wages, utilities, etc.
TOTALS: ~~$220,192 to $246,350~~$210,970 to $237,128 (new center)				

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

When you establish your Kwik Kopy Business Center, we require that you acquire the necessary leasehold improvements, furniture, fixtures, decor, signage, equipment, and inventory to meet the concept of a Kwik Kopy Business Center, both as to image and functionality. To accomplish this, we provide a list of all items required or optional. For certain build-out and start-up work and materials, we may suggest that you find and use vendors local to your Kwik Kopy Business Center.

The items you must purchase from us or that may be purchased from others with our prior approval are the following:

1. The goods and services that are included in the initial fees paid to us when you ~~acquire~~ establish a franchise. These are listed in Note 1 of Item 7 and include market analysis, site search guidance, premises lease assistance, space planning of the site, pre-training materials, training and lodging, lease costs of KKBC manuals, specialist visit to coordinate installation at your Center, start-up marketing program, sales coaching program and field training visits from our staff and peer consultants.
2. The items that are included in the "Required KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies" investment category of Item 7; and
3. The items that are included in the "Optional Equipment & Supplies" investment category of Item 7, if the option is exercised by you.

In addition to competitive pricing, we offer the advantage of purchasing numerous items through a single source. The cost of these required purchases from us is ~~$72,222.00~~$63,000. The purchase will represent 29% to 33% of your overall initial investment as presented in Item 7. The required package may vary due to availability and price changes, but should not vary more than 10% of the total amount. See Note 1 under Item 7 as to when payment is to be made for the required package purchased from us. KKBC, through and in association with its parent company, offers supplies for purchase by its established franchisees. While certain software required by the franchisor is included in the required package, that software may also otherwise be purchased as described in Item 11. Information in detail concerning the required package is available through our Franchise Development department.

Also available are various printed materials, advertising specialty items, miscellaneous business-related goods, telemarketing services and direct mail services for the ongoing operation, administration and marketing of your business.

KKBC and its affiliated companies derive revenue from these purchases. In KKBC's fiscal year ending December 31, ~~2015~~2016 approximately $12,042 was derived as revenue from the sale of these products and services to franchisees and represented .0025% of KKBC total revenue for the fiscal year. This amount represented .0062% of ICED's total consolidated revenue for the same fiscal year.

In approving suppliers of products and services, KKBC considers a number of criteria including the quality of the product or service, its pricing, the organizational structure of the supplier, the supplier's distribution system and its customer service policy and programs and other related criteria.

KKBC formulates and modifies specifications of equipment, including computer systems, based on reported performance/service experience in the field by our franchisees, through rating publications in our industry and testing done at KKBC headquarters. Specifications and equipment suppliers known to meet those specifications are disclosed in the KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies Package for new franchisees and are accessible to our franchisees through our website and otherwise upon request. Your equipment must conform to our specifications, although suppliers of the equipment may vary. If you decide to purchase any of the items in the KKBC Initial Package from a source other than KKBC, prior approval from KKBC~~,~~ ~~Inc.~~ is required before making the purchase.

We estimate that the following purchases/leases of equipment, including computer systems, will represent the following percentages of your total purchases of goods and services to establish and operate your business (plus working capital):

	% of Total to Establish	% of Total to Operate
Equipment (required and optional), including computer systems, that conform to our specifications and are purchased from us, and delivery charges.	32% - 35%	.33% - .76%
Digital copier equipment that conforms to our specifications and is leased from 3rd parties.	1.9% - 3.4%	12.5% - 16%

The Franchise Agreement provides that your equipment must conform to our specifications. If a supplier you wish to use, or a product or service you wish to offer, is not on our ~~approved~~ recommended list, you may contact us and provide us with the information necessary to evaluate the supplier, product or service for approval. Once all required information, which may include a test of the equipment, is received, the evaluation for approval will typically take thirty days or less. You should expect to be notified of approval or disapproval of the supplier, product or service within forty-five days of our receipt of all required information. We publish and update the details of our approved supplier policies and procedures in training, and through ongoing communications with our KKBC franchise owners. There is no fee for supplier approval. The benefit to using approved suppliers is that we are aware of the quality, specifications and capabilities of the suppliers in meeting our requirements.

Approval given to a supplier may be revoked based on reported performance/service experience in the field by our franchisees or a significant change in our specifications in the case of an equipment supplier. It is typically a result of complaints being received and confirmed from the field. Where approval of a supplier is revoked, the supplier is notified in addition to our franchisees through our website and other means of communication as appropriate.

We, either directly or through and in association with our parent company and other affiliated companies, negotiate favorable terms with our approved suppliers which may include, but not be limited to, advantageous pricing arrangements. Some negotiated pricing is only available to you if posters, coupons, flag sets, etc. In addition, you may use your own, additional advertising material and choice of media through the term of the franchise subject to obtaining KKBC's prior written approval as stated in the Franchise Agreement. We recommend that most media be local in coverage.

6. Provide you with assistance programs that we determine are necessary to assist you in operating your Kwik Kopy Business Center. We are not obligated to perform these services to your satisfaction and can develop, modify or cancel the programs and change the related fees as we think is in your and our best interests. Depending on the assistance or services provided, there may be a charge to help defray costs of certain services (Franchise Agreement – Paragraph 2.13). As of the date of this Disclosure Document, we provide the following assistance programs:

a. Advice by toll-free telephone lines, email and fax (Franchise Agreement – Paragraph 2.13a).

b. Seminars and workshops ~~at our corporate headquarters~~ (Franchise Agreement – Paragraph 2.13b). A registration fee may be charged for seminars and workshops and is currently $175-$500 per person.

c. A periodic conference (Franchise Agreement – Paragraph 2.13c). A registration fee may be charged and is currently $275 to $500 per person.

Note: You are not required to attend the additional training which may be provided from time to time as part of any seminar, workshop or through other programming, but participation is recommended. You are required to attend the ICED or KKBC Conference we may schedule and conduct periodically.

d. Periodic telephone calls to you to offer general assistance (Franchise Agreement – Paragraph 2.13d).

e. Programming and facilities where existing franchisees may review and discuss their business operations and develop strategies for improvement (Franchise Agreement – Paragraph 2.13e).

f. Research and analyze equipment and other products to improve business operations (Franchise Agreement – Paragraph 2.13f).

g. System-wide communication through an intranet. You are responsible for acquiring the necessary hardware and software to use the program (Franchise Agreement – Paragraph 2.13g).

h. A website. You are responsible for acquiring the necessary hardware and software to use the website (Franchise Agreement – Paragraphs 2.13h and 4.04).

i. KKBC agrees to credit or return to you one percent (1%) of the sales reported by you in any month that your Gross Sales exceed $30,000, provided that the Monthly Sales Summary and payment are~~is~~ submitted to KKBC within five days following the close of the calendar month for

Computer System You Will Need

You must acquire the following computer equipment for your Kwik Kopy Business Center. The specifications of the computer equipment are the minimum required. As the price of the more powerful computer equipment decreases, we may require a more powerful computer. The estimated cost of the following computer system, along with any updates, will be approximately $13,400.00. Any price increase will not exceed 10% of the current price of the following equipment.

ITEMIZED COMPUTER & SOFTWARE SYSTEMS	
Point-of-Sale Computer & Software	**Graphics Computer & Software**
Print Estimating Computer Package	CPU
CPU	Most recent version of Windows
21" Monitor	Mouse/keyboard
Optical Mouse with Pad	DVD/RW Combo Drive
Keyboard	DVD+RW Carbon (installed)
Electronic Steel Cash Drawer	Matching 21" Color LCD Tilt Monitor
Surge Protector	Matching Speakers
Report Printer	
Thermal Receipt Printer	*Latest Versions of the Following Software, Installed:*
All Necessary Cables	Microsoft Office Suite
Complete Setup w/Software Loaded & Tested	Word Outlook
Prior to Shipment	Excel PowerPoint
One Year Hardware Warranty	Adobe Creative Suite Premium One Year Cloud Subscription
	Acrobat Pro
Laptop Computer & Software	Adobe Type Manager Deluxe
Laptop Computer	QuarkXpress
Most recent version of Windows	Markzware FlightCheck – Designer Version
CD-RW/8X DVD-ROM	AntiVirus Program
Microsoft Wireless Optical Mouse	
Latest Versions of the Following Software, Installed:	
Microsoft Office Suite	
Word Outlook	
Excel PowerPoint	
ACT!	
Intuit QuickBooks Pro	
AntiVirus Program	
Portable Printsmith	
FTP/Ordering Software	
MyOrderDesk	

Note: Items are discontinued and new models or upgrades of computer products are introduced frequently by the manufactures. Consequently, the KKBC purchasing department ~~for Kwik Kopy Business Centers Inc.~~ will purchase for you the most appropriate combination of hardware and software products available at the time your order is placed.

The required point of sale system is a PrintSmith Computer Package and its components are described in the above table under "Point of Sale Computer & Software." The current purchase cost of this system is $5,915.00, subject to change, and is included in the Required KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies Inventory (Initial Package) cost.

All of the hardware and software may be purchased ~~from~~ through KKBC.

We do not currently require independent access to computer information and data in your system. If we do begin polling information, you may be required to allow independent access to us. The obligation to provide hardware and software support, maintenance, repairs, upgrades and updates is that of the manufacturer or third party reseller and not us, and it is discretionary on your part whether to procure maintenance and support agreements for the various products.

We require that you upgrade or update the computer hardware or software to remain efficient and competitive in the market place, and we believe you will need to integrate upgrades and updates as they become available by the manufacturer within a reasonable period of time after release at your own cost. We will not require you to update your software or hardware more than every two (2) years. There is no cash register system required other than the computer systems previously discussed.

We will make available to you a KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies Package which includes computer hardware and software.

Operations Manual Table of Contents

TOPIC	PAGES
Manual Instructions	1
Introduction	1
Table Of Contents	12
General Information	48
Business Management	194
Financing & Accounting	162
Personnel	75
Computer Skills	37
Center Operations	172
In-House Production	172
Outsourcing	20
The Customer	44
Marketing	144
Marketing For Your Customer	31
Putting It All Together	1
TOTAL	**1114**

Your Training

Pre-Training may include books, CDs and DVDs, and exercises. Classroom/lab Training ~~at our headquarters~~ is for you and one other person for the length of time indicated in the following chart. Following training ~~in Cypress~~, staff or experienced franchise representatives will provide to you on-site installation, start-up, sales and operations field assistance at pre-scheduled time intervals. The approximate total time for this additional training at your own location is shown below. As indicated, training includes instruction in marketing, Center operations, business administration, financial subjects, and computer applications.

At least one franchisee in your Kwik Kopy Business Center location is required to attend the entire classroom/lab training course ~~at our campus~~. The franchisee attending the training must be a full-time staff member at the KKBC. You must successfully complete the training program to our satisfaction. Otherwise, we have the option to require that you repeat the training until successful completion, which shall be at your cost, or we have the option to rescind the Franchise Agreement. (Franchise Agreement-Paragraph 3.01).

Classroom/lab training ~~at our headquarters~~ is one week and three days for you and one other person. Additional training at your own Kwik Kopy Business Center location will total approximately two and one-half weeks and will take place within your first twelve months of operation.

The classroom/lab training at our headquarters for an owner of an existing business to be re-branded to KKBC will be structured in content and duration to fit the owner's needs and prior business experience.

If, during the term of the Franchise Agreement, you want us to train additional employees, you must pay us a training fee of $300 per day plus reimbursement of any cost incurred by trainer for transportation, meals and lodging (Franchise Agreement – Paragraph 3.02)

TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Marketing and Sales	22	22	Classroom training is conducted at Franchisor's headquarters in Cypress, Texas
Products and Services	21	21	
Business Administration	21	21	
Total Hours	**64**	**64**	On-The-Job training is held at centers near the ICED facilities in Cypress, Texas and at the franchisee's actual center location, and includes installation, start-up and operational visits.

You will begin training after you have signed the Franchise Agreement and paid us all fees due at that time. Prior to attending classroom/lab training you must also sign your premises lease and obtain a commitment letter from your lender if you are financing part of your investment or pay us all fees then due. Build-out on your lease space and sign installation should begin before you attend training and is to be completed by the time you complete your training session. Prior to attending classroom/lab training, you will also need to select personnel to staff the Center, and fulfill all pre-training requirements and those determined necessary by Center Development, including telephone number, fax number, map of the location, competitive shopping reports, and signed and returned KKBC Initial Package document.

Training classes are scheduled as needed. However, there usually are no training classes during the month of December. Our training program includes sessions with employees of ICED, Kwik Kopy and other affiliates, and franchisee vendor representatives. Classroom/lab training is conducted with trainees/franchisees from other ICED-affiliated printing franchise programs including Kwik Kopy Printing, Franklin's Printing, The Ink Well, American Wholesale Thermographers and Kwik Kopy Business Center. The following chart lists the training instructors and their years of experience in the field and with the franchisor.

Name	Years of Experience With Franchisor	Years of Experience in Field
Gary Tamburello	~~20~~21	~~37~~38 (Printing Industry)
Jay Groot	~~27~~28	~~27~~28 (Printing Industry)
Barry Brass	~~11~~12	~~11~~12 (Printing Industry)
Pat Surrec	~~21~~22	~~31~~32 (Administration)
Jerry Hays	~~22~~23	~~22~~23 (Printing Industry)
David Vaughan	~~17~~18	~~39~~40 (Printing Industry)
Nancy Arnold	~~37~~38	~~37~~38 (Printing Industry)
Greg Irwin	11	11 (Printing Industry)

Other than the fees referenced in this Franchise Disclosure Document, there is no additional cost to you for training, but you will pay the travel and living expenses for you and your employees who attend the training program, along with any wages that you may agree to pay your employees while they are attending training. The cost for the lodging while attending the training ~~at our franchisor's headquarters~~ is included in the fees you pay to us. (Franchise Agreement – Paragraph 2.04);

Periodically, you will attend, at your sole cost, the ICED or KKBC Conference we may schedule and conduct. The focus of the Conference generally is networking with fellow franchisees, celebrating achievements, and discussion and review of the new business and marketing ideas and concepts, as well as changes in technology. The Conference registration fee is currently $275 for each attendee and helps defray our costs for the Conference. You are required to pay the registration fee we may charge whether or not you attend the Conference.

ITEM 12. TERRITORY

For the business defined in the KKBC Franchise Agreement, you will receive a principal business area which typically consists of one or more postal ZIP codes, the area of which is determined in part by business count and demographic criteria. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Once a new KKBC Center is assigned a principal business area, we will not develop another KKBC Center or establish other channels of distribution for similar services under the same trademark in that area for five years from the date the new Center opens for business. Our affiliates may develop company-owned or franchised Centers in the area under different trademarks offering different or similar products or services from that of Kwik Kopy Business Center at any time. At present, some affiliates offer some or all services which are similar to those of Kwik Kopy Business Centers.

After the first five years, we will only develop additional KKBC Centers in your assigned area after giving you the first opportunity to ~~acquire~~ establish those additional Centers according to seniority and subject to qualification. We, in our sole discretion, determine whether you qualify. Qualification requires that you are current and in good standing in all your obligations to KKBC and that you demonstrate the financial ability to establish an additional Center. If you decline or fail to qualify for ~~acquiring~~ establishing the additional Centers, then our policy is to permit other qualified prospects to ~~acquire~~ establish those additional Centers according to seniority in the area. This policy is written in more detail in a document entitled "Certificate of Corporate Policy" and attached as an exhibit to this Disclosure Document. As noted above, our affiliates may develop businesses in the area that may compete with the established KKBC Centers without giving the KKBC franchisees the first opportunity to ~~acquire~~ establish these centers.

You may only operate from a single location. You may only relocate after obtaining our written permission. The conditions for KKBC's approval of relocation is our determination that you have the financial ability to relocate. Also, the proposed relocation must not interfere with the principal business area of other Kwik Kopy Business Center or affiliate franchisees.

We do not restrict you from geographic areas where you may go to solicit or accept business, including soliciting or accepting orders from consumers outside of your principal business area with the use of channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your principal business area; nor are other franchisees or company units so restricted. However, we expect that you will devote your best efforts to fully develop the market contained within your assigned principal business area. KKBC will attempt to resolve disputes related to principal business area informally as among the parties in dispute. If unresolved, the dispute resolution sections of the Franchise Agreement will be applied.

We and our affiliates reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales within your principal business area using our principal trademarks, and to make sales within your principal business area of products or services under trademarks different from the ones you will use under the Franchise Agreement.

which KKBC licenses to you. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by KKBC.

There are no effective determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrators of the states, or any courts, nor are there any pending infringements, opposition or cancellation proceedings, or any pending material litigation affecting the marks, which are relevant to their ownership or use.

There are no agreements currently effective that significantly limit our rights to use or license the use of the trademarks in a manner material to the franchise~~, except as follows~~:

~~Concurrent use registrations have been issued for Kwik Kopy trademark registrations 3099592, 3099594, 3099595, 3960403, and 4414251 resulting from the use of similar trademarks in the county of Mecklenburg, North Carolina, and the city of Longmont, Colorado.~~

~~In Charlotte, North Carolina, Kwik Kopy made an agreement with Kwik Copies, Inc. not to operate a franchise in Mecklenburg County or advertise the name Kwik Kopy in the Charlotte Southern Bell Telephone Directory. Kwik Kopy licenses franchisees under the name of Kall Kwik in this area. In Longmont, Colorado, Kwik Kopy doesn't advertise or offer Kwik Kopy Printing franchises.~~

We do not know of any superior prior rights or infringing uses that could materially affect your use of the marks~~ in this state or the state in which the franchised business is to be located in addition to the matters identified above~~.

You are obligated to inform us of any infringing use of our marks of which you become aware. We are obligated to protect your right to use the marks and must protect you against claims of infringement or unfair competition arising out of your authorized use of the marks, provided that you promptly give written notice to use of any such claim or suit and you tender the complete defense of the claim and suit to us. We have sole and complete control and discretion of any legal or administrative action involving any use of, or claim of right to, the marks, or any claim of infringement or unfair competition arising out of your authorized use of the marks, including the settlement, without providing notice, and will bear all costs of defense of any such claim or suit.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

At present, there are no patents material to the franchise. Copyrighted materials are not registered with the U.S. Copyright Office. However, we claim proprietary rights and copyright in the materials we develop and make available to you, including our Operations Manual, our manuals, training material, technical reports, databases, promotional materials and communication pieces.

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Paragraph 11.02 and Paragraph 13.09	No association with another similar business for two years and within three miles of your or another Kwik Kopy Business Center. Additional option to pay an amount of money to release you from the non-compete covenant and certain other obligations.
s. Modification of the agreement	Paragraph 15.15	Only in writing signed by all parties.
t. Integration/merger clause	Paragraph 15.13	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Paragraphs 14.01-14.08	You must notify us of any dispute or claim. After 45 days, we have right to require arbitration.
v. Choice of forum	Paragraph 15.06	State and federal courts in Harris County, Texas. These provisions may be subject to applicable state law. See Exhibit F for state addenda to the Franchise Agreement and Disclosure Document, if applicable.
w. Choice of law	Paragraph 15.06	Texas law applies. These provisions may be subject to applicable state law. See Exhibit F for state addenda to the Franchise Agreement and Disclosure Document, if applicable.

ITEM 18. PUBLIC FIGURES

KKBC does not currently use any public figure to promote its franchises.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary
For Years ~~2013~~2014 to ~~2015~~2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	201~~3~~4	~~16~~17	~~17~~19	~~+1~~+2
	201~~4~~5	~~17~~19	~~19~~20	~~+2~~=1
	201~~5~~6	~~19~~20	~~20~~18	~~+1~~-2
Company-Owned	201~~3~~4	0	0	0
	201~~4~~5	0	0	0
	201~~5~~6	0	0	0
Total Outlets	201~~3~~4	~~16~~17	~~17~~19	~~+1~~+2
	201~~4~~5	~~17~~19	~~19~~20	~~+2~~+1
	201~~5~~6	~~19~~20	~~20~~18	~~+1~~-2

Transfers of Franchised Outlets From Franchisees to New Owners
(Other than the Franchisor)
For Years ~~2013~~2014 to ~~2015~~2016

State	Year	Number of Transfers
California	201~~3~~4	~~0~~1
	201~~4~~5	~~1~~0
	201~~5~~6	0
Minnesota	2014	0
	2015	0
	2016	1
Texas	201~~3~~4	1
	201~~4~~5	~~1~~0
	201~~5~~6	~~0~~1
~~**Utah**~~	~~2013~~	~~1~~
	~~2014~~	~~0~~
	~~2015~~	~~0~~
Total	201~~3~~4	1
	201~~4~~5	2
	201~~5~~6	0

Status of Franchised Outlets
For Years ~~2013~~2014 to ~~2015~~2016

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	201~~3~~4	0	~~0~~1	0	0	0	0	~~0~~1
	201~~4~~5	~~0~~1	~~1~~0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Colorado	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Georgia	201~~3~~4	2	0	0	0	0	0	2
	201~~4~~5	2	0	0	0	0	0	2
	201~~5~~6	2	0	0	0	0	0	2
Illinois	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Indiana	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Kentucky	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Louisiana	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Minnesota	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
North Carolina	201~~3~~4	1	0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Texas	201~~3~~4	7	1	~~1~~0	0	0	0	~~7~~8
	201~~4~~5	~~7~~8	1	0	0	0	0	~~8~~9
	201~~5~~6	~~8~~9	~~1~~0	~~0~~2	0	0	0	~~9~~7
Utah	201~~3~~4	~~0~~1	~~1~~0	0	0	0	0	1
	201~~4~~5	1	0	0	0	0	0	1
	201~~5~~6	1	0	0	0	0	0	1
Total	201~~3~~4	~~16~~17	~~1~~2	0	0	0	0	~~17~~19
	201~~4~~5	~~17~~19	~~2~~1	0	0	0	0	~~19~~20
	201~~5~~6	~~19~~20	~~1~~0	~~0~~2	0	0	0	~~20~~18

Names, addresses and telephone numbers of the United States franchisees are located in Exhibit C to this Disclosure Document. The names, addresses and telephone numbers of franchisees who were terminated, cancelled, not renewed or who have not communicated with the Franchisor within ten weeks of the application date or have otherwise ceased to do business under the Franchise Agreement during the last fiscal year are located in Exhibit D to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

Status of Company-Owned Outlets
For Years ~~2013~~2014 to ~~2015~~2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Texas	201~~3~~4	0	0	0	0	0	0
	201~~4~~5	0	0	0	0	0	0
	201~~5~~6	0	0	0	0	0	0
Total	201~~3~~4	0	0	0	0	0	0
	201~~4~~5	0	0	0	0	0	0
	201~~5~~6	0	0	0	0	0	0

KKBC operated one company-owned Kwik Kopy Business Center from 2008 to 2010, which was closed in September 2010.

Projected Openings as of December 31, ~~2015~~2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Louisiana	0	1	0
Texas	0	1	0
Virginia	0	1	0
Total	0	3	0

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with KKBC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with this franchise system which have been created, sponsored or endorsed by the franchisor. There are also no trademark-specific franchisee organizations associated with this franchise system which have been incorporated or otherwise organized under state law and which ask the franchisor to be included in their Franchise Disclosure Document.

ITEM 21. FINANCIAL STATEMENTS

ICED's consolidated audited financial statements for December 31, ~~2015~~2016, December 31, ~~2014~~2015, and December 31, ~~2013~~2014 are attached as an exhibit to this Disclosure Document. Also attached is ICED's unaudited financial statement for the period ending January 31, ~~2016~~2017. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM. ICED's fiscal year ends December 31. ICED, our parent company absolutely and unconditionally guarantees to assume the duties and obligations of Kwik Kopy Business Centers, Inc. under the Franchise Agreement. A copy of this guarantee is attached as Exhibit P. If a Guarantee of Performance is required by a state, it is attached in Exhibit F of this Disclosure Document.

ITEM 22. CONTRACTS

Attached as exhibits are copies of all agreements proposed for use or in use in this state for the offering of a Kwik Kopy Business Center franchise.

This Franchise Agreement, and all relative documents and agreements, are governed by the laws of the State of Texas.

ITEM 23. RECEIPTS

The last two pages of this Disclosure Document are detachable documents, the acknowledgment of receipt, which will serve as an acknowledgement by you that you have received a copy of this Disclosure Document. Please sign and date it the day you received this Disclosure Document and return one copy of the receipt to us in the enclosed self-addressed envelope. If the receipt or any other pages or exhibits are missing from your copy, please contact us at the address printed on the first page of this document.

EXHIBIT A

KWIK KOPY BUSINESS CENTER FRANCHISE AGREEMENT AND FRANCHISE ACCEPTANCE LETTER

FRANCHISE AGREEMENT AND FRANCHISE ACCEPTANCE LETTER
TABLE OF CONTENTS

PAGE

5. KKBC has promoted the Marks in connection with the knowledge and training to operate Kwik Kopy Business Center businesses operating under the Marks.

6. You desire to obtain a franchise from KKBC for the right to use the Marks and to receive and use the knowledge and training to operate a Kwik Kopy Business Center business and to receive and use assistance and advice for the operation of a Kwik Kopy Business Center.

B. Consideration, Terms and Conditions

In consideration of the mutual agreements, covenants and undertakings in this Agreement and the mutual benefits to be derived from the relationship authorized by this Agreement, and other valuable consideration, the receipt and adequacy of which is acknowledged by the parties, it is agreed as follows:

1.0 GRANT OF FRANCHISE.

1.01 **Franchise Grant.** KKBC grants to you and you accept a franchise under the terms and conditions of this Agreement for the right to operate a Kwik Kopy Business Center at the location designated above with the right also to use the Marks, and to receive and use the knowledge and training to operate a Kwik Kopy Business Center and to receive and use assistance and advice for the operation of a Kwik Kopy Business Center.

1.02 **Definition of "Business and Marketing and Promotional Services".** Kwik Kopy Business Center franchises the right to operate a business that provides business support services, including but not limited to, printing and reproduction services, marketing material, marketing consultation, graphic design, typesetting, promotional products, signs, banners, rubber stamps, bindery, facsimile computer support service, including ~~Internet~~internet applications, and word processing, as well as other related business services as directed by the needs of the market area and approved in writing by KKBC.

1.03 **Non-exclusive Right in Principal Business Area.** You are granted the non-exclusive right to use the Marks and operate a business in the principal business area designated in the "Kwik Kopy Business Center Certificate of Corporate Policy for Franchise Site Location" given to you by KKBC. You must use your best efforts to develop a successful business and to provide the best possible service to customers of your Kwik Kopy Business Center.

1.04 **Use of Marks.** KKBC reserves the express right to control all uses of the Marks by you for the purpose of obtaining proper use of the Marks. You shall comply with all instructions for the use of the Marks including instructions contained in KKBC's Branding Manual and any updates and revisions to the manual. You are not permitted to use any of the Marks in the name of a corporation or other legal entity.

1.05 **Factors Affecting Business.** You have been informed and acknowledge your understanding of the fact that, because of the competitive nature of the business involved, successful operations of the franchise will depend upon your best efforts, capabilities, management, and efficient operation of the franchised business, as well as the general economic and industry trends and other local marketing conditions.

1.06 **Limitation of Grant.** KKBC hereby limits the grant of this franchise to be subject to any lawfully promulgated governmental rules or enacted laws relative to the operation or ownership of your Kwik Kopy Business Center, including but not limited to EPA, O.S.H.A., Postal regulations and ADA requirements, and you shall comply with this limitation. KKBC shall not be liable to you for any change in the scope or grant of the franchise due to governmental rules or laws.

1.07 **Location of Kwik Kopy Business Center.**

a. **Review of Location and Lease.** The location of your Kwik Kopy Business Center and the terms of the premises lease are determined by you with the assistance of KKBC. KKBC will furnish a package of information regarding site and lease analysis to you, which may be used by you in evaluating the site of your Kwik Kopy Business Center, analyzing your premises lease and negotiating your lease agreement. The information gathered by you will be reviewed by KKBC's representative, and this review will determine whether the location is acceptable to you and KKBC.

b. **Relocation of Kwik Kopy Business Center.** If, during the term of this franchise, you desire to relocate your Kwik Kopy Business Center, you shall obtain KKBC's written consent regarding relocation, the site for relocation and the premises lease of the site for relocation in advance. Incident to obtaining KKBC's written consent, you agree to submit all documentation reasonably requested by KKBC, including the proposed premises lease of the site for relocation and your personal and corporate financial statements and other information. KKBC's consent for your proposed relocation shall depend on such factors as evidence of your financial ability and the location of other Kwik Kopy Business Centers and affiliated franchisees. You acknowledge and agree that KKBC has no obligation to analyze and assess the market, economics or any other conditions or circumstances or the area you desire to relocate to. KKBC shall not be responsible for any of your expenses or losses incident to or arising out of a relocation of a Kwik Kopy Business Center, including lost profits. Should you relocate without obtaining KKBC's consent, KKBC may require you to relocate from an unacceptable to an acceptable location, at your expense. This remedy shall be in addition to all other remedies provided for in this Agreement.

c. **Lease of Premises from KKBC.** If the location of the Kwik Kopy Business Center is on premises owned by KKBC, you shall execute and be bound by the terms and conditions of a lease agreement. The form and substance of that lease agreement must be acceptable to KKBC. If KKBC determines that you are ever in default of a lease agreement with KKBC, KKBC may also consider you to be in material default of this Agreement.

d. **Lease of Premises from Third Party**. If the location of the Kwik Kopy Business Center is on premises owned by a third party, either you or KKBC shall lease the premises from the third party. If KKBC is lessee, you shall execute a sub-lease with KKBC. In the event you are lessee, you shall execute an assignment of the lease to KKBC, the assignment being exercisable at the option of KKBC and being conditioned upon default by you under the terms of the lease or under the ~~t~~Terms of the Franchise Agreement or termination of the Franchise Agreement by either party. Any lease renewals or new leases obtained during the ~~term~~Term of this Agreement shall be subject to the terms of this paragraph. You are required to give a copy of your original and signed lease and all subsequent leases, including renewals, to KKBC.

2.0 OBLIGATIONS OF KKBC UNDER THE AGREEMENT.

2.01 **Initial Training.** KKBC shall provide initial training for transfer of the knowledge and training to operate a Kwik Kopy Business Center from KKBC to you, for a maximum of two (2) persons. Training includes classroom, lab, and in-store instruction intended to prepare you for typical management and operation of a Kwik Kopy Business Center. At least one franchisee, who will be working full-time for the KKBC center, shall successfully complete the pre-training materials and the required term of classroom/lab training.

2.02 **Eligibility for Training.** You and your employees shall be eligible to receive training by KKBC under the ~~term~~Terms of this Agreement. Any employee, who is not a signatory on this Agreement, shall sign a Restriction and Confidentiality Agreement in a form acceptable to KKBC prior to taking training. You will be required to show proof of the execution of the Restriction and Confidentiality Agreement prior to any training received by an employee.

2.03 **Training Location.** KKBC will provide initial classroom/lab training for you at the KKBC headquarters located in Cypress, Texas. KKBC shall also select the lodging facilities for you during the initial classroom and lab training.

2.04 **Expenses for Initial Training.** You are responsible for all expenses incurred for transportation and lodging in transit to a location selected by KKBC for your attendance at the initial training provided by KKBC. The expenses of lodging (excluding meals) at the location of initial classroom and lab training shall be covered by the start-up costs paid by you to KKBC. You will be responsible for all other costs. If KKBC requires you to take additional training classes in order to successfully complete training, all fees and expenses for the training are your responsibility and shall be paid by you in advance of the additional class or classes.

2.05 **Time of Training.** Initial training shall be made available to you after execution of this Agreement and prior to you operating a business as a Kwik Kopy Business Center. The initial training provided for in Paragraphs 2.01 through 2.04 shall be completed within ninety (90) days of the effective date of this Agreement or as soon after the effective date of this Agreement as KKBC determines that your site selection and leasehold improvement requirements have been accomplished and your financing, if any, secured.

2.06 **Design.** KKBC will provide you with layout design for equipment, furniture, fixtures and decor for the Kwik Kopy Business Center. The leasehold improvement costs for finishing out a location are your responsibility. No change by you of layout design shall be made without the written consent of KKBC. Additional architectural drawings may be required for build-out at your expense.

2.07 **Assistance with Financing.** KKBC agrees to provide you with reasonable assistance in engaging a loan packager to help you develop a loan package to secure financing from third parties. KKBC makes no guaranty that you will be successful in securing the assistance of a packager or obtaining a business loan.

2.08 **Equipment, Furniture & Fixtures.** KKBC agrees to provide you with reasonable assistance in obtaining equipment, furniture and fixtures (in this document referred to as "equipment") as shown in the "KKBC Initial Equipment, Furniture, Fixtures, Software and Supplies Package" for operation of your Kwik Kopy Business Center. The equipment you acquire must conform to specifications established by KKBC. The cost, financing and payment for equipment, furniture and fixtures are your responsibility.

2.09 **Initial Assistance & Advice.** KKBC shall initially provide you with assistance and advice, as deemed necessary by KKBC, for installation of equipment and for guidance with the initial operations of the Kwik Kopy Business Center.

2.10 **Recruitment.** KKBC will assist in soliciting employees by placing one (1) initial advertisement in your local newspaper or ~~Internet~~internet ad placement.

2.11 **Manuals.** KKBC shall lend you Operations Manuals as may be issued by KKBC and revised from time to time for marketing, operations, administration and other matters related to the business of the Kwik Kopy Business Center. All manuals will be delivered in digital format (readable CD) with updates published on Owners Network. Ownership of all manuals shall remain in KKBC, and no right of reproduction of manuals is granted to you other than as may be required in the course of regular business.

You agree to use any manuals of KKBC only in the operation of the Kwik Kopy Business Center under this Agreement and not reveal or disclose any material from the manuals other than for a legitimate business purpose under this Agreement. Should this Agreement terminate, expire without renewal or your Kwik Kopy Business Center franchise transferred, all manuals, whether in digital format on readable CD or in print on paper, shall be returned to KKBC in satisfactory condition.

2.12 **Additional Start-Up Services.** In addition to the start-up marketing program that you receive and paid for as part of the start-up fees, KKBC, at your request, agrees to provide at an additional fee, additional start-up services as KKBC deems is necessary to promote your new business and train you further in operating the business. These additional start-up services will be of the same type that you receive in the start-up marketing program, ~~and~~ will be provided within twelve months of completion of training, and will include the following:

a. Bulletin board to communicate amongst peers

b. A designated representative of KKBC will call potential customers for the purpose of scheduling appointments with you;

c. KKBC will prepare, print and mail promotional material to your potential customers to assist in the initial promotion of your business; and

d. KKBC will provide you with additional promotional materials to assist you in promoting and marketing your business.

2.13 **Assistance Programs.** KKBC provides assistance programs as KKBC deems is necessary to assist you to operate a Kwik Kopy Business Center business. These programs or services are developed, substituted, modified and canceled as KKBC determines is in KKBC's and your best interests. Furthermore, fees may or may not be assessed by KKBC in connection with registration or use of these programs and services. You agree that KKBC is not obligated to provide these programs or services to your satisfaction. You also agree that KKBC shall not be in default of this Agreement because you are not satisfied with these programs or services. As of the date of this Agreement, KKBC offers the following assistance programs:

a. Provide advice by toll-free telephone lines, e-mail and fax;

b. Provide seminars and workshops ~~at KKBC's training facilities and~~ for which KKBC may charge a registration fee to help defray costs;

c. Hold periodic conferences for which KKBC may charge a registration fee to help defray costs;

d. Make periodic telephone calls to you to offer general assistance;

e. Provide programming and make available facilities where existing franchisees may review and discuss their business operations and strategies for improvement;

f. Research and analyze equipment and other products and services to improve business operations;

g. Provide an intranet system for communication with the franchise system and affiliated entities. You are responsible for acquiring the necessary hardware and software to use the program;

h. A website. You are responsible for acquiring the necessary hardware and software to use the site; and

i. KKBC agrees to credit or return to you one percent (1%) of the sales reported by you in any month that your Gross Sales exceed $30,000, provided that the Monthly Sales Summary is submitted to KKBC within five days following the close of the calendar month for which the Monthly Sales Summary is due, as provided for below; and provided further that all your debts to KKBC are paid current and you are otherwise in total compliance with all terms and conditions of this Franchise Agreement.

3.0 YOUR OBLIGATIONS.

3.01 **Initial Training.** You shall take the initial training provided by KKBC within 90 days of the effective date of this Agreement or as otherwise stated in Paragraph 2.05 of this Agreement. You shall successfully complete all initial training required by KKBC before opening and operating your Kwik Kopy Business Center. At least one franchisee, who will work full-time for the KKBC center, shall successfully complete the pre-training materials and the entire term of classroom/lab training. If you do not successfully complete required initial training, KKBC shall have the option to either require you to enroll and attend each successive initial training class scheduled, or rescind this Agreement by refunding the initial fees that you have paid, less actual costs incurred by us, including any fees paid by us to a franchise referral source and any sales commissions, in exchange for your written, signed general release in form and substance that is acceptable to KKBC. In the event of rescission of this Agreement, your obligations upon termination of this Agreement shall apply and specifically include compliance with all non-compete provisions of this Agreement. The fees for all additional training classes that you are required to take after the first class in order to successfully complete the training shall be paid to KKBC in advance of each class and are nonrefundable.

3.02 **Training of Personnel.** You agree to provide training for your management, in-store staff and outside sales staff as may be required in the operation of your Kwik Kopy Business Center. If, at any time during the ~~term~~Term of this Agreement and after initial training, you wish KKBC to train your employees and KKBC consents to do so, you shall pay KKBC a fee of three hundred dollars ($300) per day plus reimbursement of any cost incurred by trainer for transportation, meals and lodging. All your personnel who receive training from KKBC shall sign a written agreement to maintain confidentiality of information they will receive in training and to restrict their competition after termination of their employment. This agreement will need to be signed by your personnel before they attend training at KKBC.

3.03 **Best Efforts.** You agree to use your best efforts to develop a successful business and to provide the best possible service to customers of your Kwik Kopy Business Center.

3.04 **Management.** You shall supervise and manage the operation of your Kwik Kopy Business Center. This supervision and management need not be conducted on-premises provided your manager successfully completes all training required by KKBC and conducts supervision and management on-premises as you direct subject to the terms, conditions and restrictions of the Operations Manuals and this Agreement.

3.05 **Financial, Federal and State Reports.** You shall make the reports and keep the records concerning the financial operation of your Kwik Kopy Business Center as may be reasonably specified by KKBC from time to time. You agree to use forms or software programs designated by KKBC for reporting and to complete those reports in a manner satisfactory to KKBC, and to provide KKBC with copies of the completed reports at the time and with the frequency as may be reasonably designated by KKBC from time to time. You further agree to furnish copies of any federal and state reports, returns and filings to KKBC when and as requested by KKBC from time to time.

3.06 **Payment of Fees and Obligations.** You shall duly and punctually pay any and all sums or amounts due to KKBC including rent on business premises, rental on equipment leases, note payments, payment of invoices for inventory and supplies, and Franchise Service Fees as more fully described in Paragraphs 5.01 through 5.08 below.

3.07 **Payment of Debts Guaranteed by KKBC.** You shall duly and punctually pay any and all sums or amounts owed by you, the payment of which has been guaranteed in any manner by KKBC.

3.08 **Payment of Trade Accounts.** You shall duly and punctually pay all your obligations and trade accounts and maintain a good credit rating. You shall notify KKBC immediately of your inability to honor your obligations and/or maintain a good credit rating.

3.09 **Payment of Rent.** You shall duly and punctually pay lease or rental payments for the business premises of the Kwik Kopy Business Center as those payments become due. You shall not breach the lease agreement for the business premises or default on any of its terms.

3.10 **Trade Secrets and Other Confidential Information.** You agree to keep confidential KKBC's trade secrets, including information contained in KKBC's Operations Manuals, the knowledge and training to operate a Kwik Kopy Business Center and other technical or business information including but not limited to customer names, addresses and requirements, confidential information concerning pricing methodology and structures, advertising formats, sales promotion formats, accounting systems, business methods and procedures, equipment or product studies and evaluations, and maintenance and systems of operation provided for or resulting from operation under this Agreement. All this information shall remain the property of KKBC and as such, all copies in any form shall be returned to KKBC within seven (7) days after termination of this Agreement. You shall only divulge this information to your employees who have a need to know the information in order to perform their duties at your Kwik Kopy Business Center. Your obligations relating to maintaining the confidentiality of this information shall remain in effect during the ~~term~~Term of this Agreement and shall continue afterward.

3.11 **Protection of the Marks.** You shall operate your Kwik Kopy Business Center so as to protect the integrity and goodwill of the Marks by maintaining a high standard of quality and reputation with respect to the goods, services and business on or in connection with which the Marks are used, in accordance with the standards which KKBC may from time to time prescribe in its training, Operations Manuals and as provided for in this Agreement.

3.12 **Prior Approval on Advertising.** You shall obtain KKBC's prior written approval as to the form and content of all advertising developed or obtained by you for promoting your Kwik Kopy Business Center.

3.13 **Insurance and Hold Harmless.** You shall maintain the insurance described in Paragraphs 7.01 through 7.03 of this Agreement. In addition, you agree to defend, indemnify and hold KKBC harmless from and against any and all claims, demands, losses, damages, costs, liabilities and expenses (including, but not limited to attorney's fees and costs of suit) of whatever kind or character, on account of any actual or alleged loss, injury or damage to any person, firm, or corporation or to any property arising out of or in connection with the Kwik Kopy Business Center or the exercise or purported exercise by you of your franchise. This covenant shall continue and be enforceable notwithstanding the expiration or other termination of this Agreement for any reason.

3.14 **Notification to KKBC.** You shall promptly notify KKBC of any and all demands, claims and suits asserted against KKBC or you in connection with this franchise or the operation of your Kwik Kopy Business Center.

3.15 **Cooperation.** You shall cooperate with KKBC regarding any demands, claims or suits asserted against KKBC or you in regard to this franchise, the Marks and your Kwik Kopy Business Center operation.

3.16 **Notification to Public.** You shall provide notice to the public by signage and other designation so that you clearly indicate that you are operating an independent business and are not a partner or agent of KKBC.

3.17 **Further Obligations.** You acknowledge that further obligations are contained in subsequent paragraphs of this Agreement and include your obligations in the event of default, termination, or expiration of this Agreement, restrictions upon your other business activities, indemnification of KKBC, and other covenants by you as to prohibited actions. Upon the event of default, termination or expiration of this Agreement, you agree that your interest in all signage bearing any of the Marks of KKBC is hereby assigned to KKBC.

3.18 **Employee Relations.** You agree to comply with all employment related laws and to be fair and courteous to employees and to establish and maintain standards of performance which will provide the best possible service to customers of your Kwik Kopy Business Center.

3.19 **Promote Goodwill.** You shall exercise every effort to promote the goodwill of the Marks and the Kwik Kopy Business Center, including displaying all signage required by KKBC, in compliance with KKBC's standards and maintaining that signage in clean and good working condition.

3.20 **Your Employees.** You shall have the sole responsibility and control for recruiting, hiring, compensating and training of your employees as well as any liability for acts or omissions of the employees. The minimum personnel needed at the opening of your center, including franchisee(s): store manager and full-time customer care representative/production person. We recommend that the customer care representative/production person be part-time at opening and that the graphic design needs be out-sourced or that you use a freelance or third party for design needs. You are committed to spending a minimum of 30 hours per week building the sales volume of the business outside the center.

3.21 **Conduct.** You and your employees are required to conduct yourselves in a manner so as to not discredit or denigrate the reputation or goodwill of KKBC or any Kwik Kopy Business Center or the Marks to the public. Any misconduct, if not promptly abated, shall be cause for termination of the franchise.

3.22 **Security of Customers and Employees.** You shall use your best efforts to secure the safety of your customers and employees from any hazards or criminals on or about the Kwik Kopy Business Center premises. You agree that you control all aspects of your environment relating to security and KKBC cannot provide this security for you.

3.23 **Required Software.** You shall acquire and maintain any software required by KKBC throughout the ~~term~~Term of this Agreement and any renewals together with the necessary computer hardware with which to operate it.

3.24 **Image Enhancement.** You shall maintain the appearance of your Kwik Kopy Business Center to the standards provided by KKBC from time to time and in the Operations Manual. The standards provided by KKBC may be changed by KKBC at KKBC's sole discretion. You are responsible for all costs when complying with KKBC's standards for the appearance of your center. KKBC may audit or require you to provide a self audit of the appearance of your center whenever KKBC deems necessary or appropriate.

3.25 **Center Advertising.** You shall adequately advertise, market and promote your Kwik Kopy Business Center during the ~~term~~Term of this Agreement. You agree to spend a minimum of 2.5% of your Gross Sales to advertise, market and promote your individual center in a manner consistent with this agreement and any requirements in the Operations Manuals.

3.26 **Attendance at Conference/Seminar.** Periodically, you will attend, at your sole cost, a national or international conference/seminar we may schedule and conduct. Payment of the registration fee we may charge is required whether or not you actually attend.

3.27 **Your Outside Sales Commitment**. You agree to spend a minimum of 30 hours a week building the sales volume of the business outside the center through direct sales calls and networking opportunities.

3.28 **Sales Software Access.** Throughout the ~~term~~Term of this Agreement and any renewals you shall allow KKBC access, by any means requested by KKBC, to reporting information provided by sales software that KKBC may require you to maintain, including, but not limited to, ACT! Database management software.

4.0 OPERATION OF KWIK KOPY BUSINESS CENTER.

4.01 **Your Center Number.** Your Center Number shall be designated at the beginning of this Agreement.

4.02 **Independent Contractor & Business.**

a. You acknowledge and agree that your and KKBC's relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship involving a franchise between independent business people with arms length dealings. You are and shall in all events be an independent contractor and nothing in this Agreement shall be construed as constituting you as the agent, partner, employee or legal representative of KKBC for any purpose.

b. You acknowledge that your operation of your Kwik Kopy Business Center is for your sole profit or loss less required payments to KKBC and that you shall be solely responsible for the employment, direction, control and management of agents and employees.

c. You acknowledge that there is no authority granted to you under this Agreement, or otherwise to incur any obligations or responsibilities on behalf of KKBC or bind KKBC by any representations or warranties and you agree not to lead anyone to believe that you have this authority.

4.03 **Use of Legal and Assumed Business Name.** You shall immediately register at the Office of the County Clerk or the County or Parish in which the Kwik Kopy Business Center is located, or other public office as provided for by the laws of the state in which you shall operate, the fact that you will be doing business under an authorized assumed business name. You are authorized to use only the following authorized business names: Kwik Kopy Business Center followed by your Center Number, or any other assumed business name for which KKBC has given prior written approval, which approval shall be in the sole discretion of KKBC. You shall provide KKBC with a copy of or proof of registration of the assumed name and any subsequent revisions or renewals of that registration. In your transactions and other acts in connection with the operation of the Kwik Kopy Business Center, you shall use only the authorized assumed business names provided by this section.

4.04 **Internet/World Wide Web.** You shall distinguish yourself from KKBC in any use of the ~~Internet~~internet or ~~World Wide Web~~world wide web by sufficient means including the use of your center number in your domain name, website and electronic bulletin board. You shall include a notice as to your independent contractor status and of the fact that you are a franchisee within the Kwik Kopy Business Center franchise system. Before going online in the ~~Internet~~internet or ~~World Wide Web~~world wide web, you shall obtain written approval of your website, bulletin board and domain name from KKBC. KKBC reserves the right at its sole discretion to require you to alter your Web site, bulletin board, domain name or any information or communication you use in the ~~Internet~~internet or ~~World Wide Web~~world wide web at your sole cost.

4.05 **Conduct of Business.** You shall establish and maintain at your Kwik Kopy Business Center location and at your sole expense a sufficient space for the operation of a Kwik Kopy Business Center and maintain same in a safe and orderly manner, presenting a neat and business-like appearance to the public, and shall not permit the premises of the Kwik Kopy Business Center to be used for any illegal activity.

4.06 **Specific Details of Operation.** KKBC reserves the right to mandate certain details of the operation of your Kwik Kopy Business Center (with the sole exception of securing the safety of the customers and employees). You shall comply with all instructions for the methods and procedures of operation contained in KKBC's Operations Manuals and any updates and revisions to the Manuals. If KKBC determines that you are not complying with the Manuals, KKBC may consider you to be in material default under this Agreement.

4.07 **Prices.** You are free to establish prices for your goods or services at your sole discretion.

4.08 **Prohibited Practices.** You agree not to engage in any unlawful reproducing or duplicating or distribute any materials which are immoral, illicit, offensive, or which would discredit or denigrate the reputation or goodwill of KKBC, any Kwik Kopy Business Center or the Marks. Goods or services shall not be offered for sale or distributed by you which, in any way, would cast, or are likely to cast aspersions or bring disrepute to the Kwik Kopy Business Center. If any such goods or services are offered for sale or are distributed, KKBC shall have the right to demand that you discontinue the sale and distribution of those goods or services, and that you agree to promptly discontinue any sale or distribution of those goods or services.

4.09 **Copyright Control.** You shall use your best efforts to comply with applicable copyright laws. You shall perform printing, reproduction and related services only after you have the prior written consent of the owner of the copyright of the materials to be reproduced. If you are unable to obtain the prior written consent of the owner of the copyright, you must politely decline the customer's order. You shall indemnify and hold KKBC harmless from any claim, demand, suit, judgment, appeal and satisfaction of judgment by any person or legal entity that alleges that an infringement of their copyright(s) occurred at your Kwik Kopy Business Center. Your duty of indemnity requires you to reimburse KKBC for all expenses incurred by KKBC, including internal costs to investigate claims and suits, all attorneys' fees (whether working inside or retained outside) and other professional fees, all amounts which KKBC agrees to pay to settle claims and suits, the full amount of any judgment against KKBC, the full amount of any bond KKBC agrees to obtain for purposes of attacks or appeals of judgments and all consequential expenses, fees and costs. Your indemnity shall be due upon KKBC's demand.

4.15 **Business and Marketing Plan.** You agree to provide KKBC with a business and marketing plan for your Kwik Kopy Business Center business annually. It shall be in the format prepared by you and accepted by KKBC when you began operating your Kwik Kopy Business Center business. You agree to deliver an updated plan to KKBC by fax, electronic transmission or mail to the address specified by KKBC, whichever method of transmission that KKBC requires, by the tenth business day of each new year. Default on this requirement may result in loss of any rebates, rewards, contest prizes and other monetary recognition.

4.16 **Federal & State Reports.** You shall file all State and Federal reports and returns as may be required by law relative to operating the Kwik Kopy Business Center business. You shall furnish copies of the Federal and State reports, returns and filings to KKBC when and as requested by KKBC.

4.17 **Audit.** You grant to KKBC the right, at all reasonable times, to make an examination and audit of your financial books and records (together with the right to make copies) which can be made either by an employee of KKBC or an independent contractor employed by KKBC for these purposes, the examination and audit to be at KKBC's sole expense with the exception of those circumstances provided for below. KKBC's right to audit your financial books and records includes the right to retrieve any and all information from your computer through electronic transmission. Should you fail to make a Sales Report to KKBC within forty-five (45) days from the date a Sales Report is due, KKBC may examine and audit your Kwik Kopy Business Center business to determine Gross Sales and any Franchise Service Fee or other Fee due and may charge you the expenses of the examination and audit. Should an audit be required to be rescheduled, due to your lack of preparation and/or poor condition of your records, KKBC shall charge you the expenses of any follow-up visit or visits. Additionally, should any examination or audit by KKBC of your Kwik Kopy Business Center business establish your failure to report sales or pay any Franchise Service Fee or Fee by at least 2% of that which should have been reported or paid, KKBC may charge you the expense of said examination and audit in addition to all other payment or charges which may be due.

If any expenses are charged, KKBC shall invoice you for the expenses and your payment of these expenses shall be due and payable immediately when invoiced.

4.18 **Credit Sales.** Extension of credit is your sole responsibility and risk. Franchise Service Fees shall be due and payable on credit sales to the same extent as if the business had been by cash sale.

5.0 FEES AND CHARGES.

5.01 **Initial Payment.** You shall pay to KKBC, upon execution of this Agreement, the sums designated above as "Initial Franchise Fee," and "Start-Up Fee," and "Pre-Paid Operating Fee" as non-refundable Fees, subject to Section 3.01 of this Franchise Agreement.

5.02 **Franchise Service Fee.** During the ~~term~~Term of this Agreement, you agree to pay to KKBC as consideration under this agreement a Franchise Service Fee of seven percent (7%) of Gross Sales of the business conducted by you. The fee is subject to a monthly minimum of $875 for the ~~term~~Term of this Franchise Agreement. See Paragraph 6.01 of this Franchise Agreement for Term of Franchise.

KKBC agrees to credit or return to you one percent (1%) of the sales reported by you in any month that your Gross Sales exceed $30,000, provided that the Monthly Sales Summary ~~is~~and payment are submitted to KKBC within five days following the close of the calendar month for which the Monthly Sales Summary is due, as provided for below; and provided further that all your debts to KKBC are paid current and you are otherwise in total compliance with all terms and conditions of this Franchise Agreement.

5.03 **Gross Sales.** With respect to business conducted by you, "Gross Sales" shall mean and include the total sum of:

a. all amounts invoiced or otherwise charged for services;

b. all amounts invoiced or otherwise charged for goods or merchandise sold;

c. the value of all goods or merchandise sold, services performed and business dealings whatsoever which are unpaid and/or not invoiced; and

d. all amounts invoiced or otherwise charged for services, goods or merchandise purchased or made or furnished to you for resale by you.

Gross Sales shall include both cash and credit sales, but shall not include sales or use taxes. There are no sales of services, goods, or merchandise whatsoever which are permitted by this Agreement that are not subject to the payment of Franchise Service Fees.

5.04 **Payment of Franchise Service Fee.** The Franchise Service Fee is due and payable in U.S. currency immediately at the close of each calendar month's business. You shall make arrangements with the financial institution where your Kwik Kopy Business Center bank accounts are maintained to pay your Franchise Service Fee by Electronic Fund Transfer directly to KKBC's designated bank account on or after the fifth (5^{th}) day of each calendar month. In the event that circumstances beyond your control make it impossible for payment by Electronic Fund Transfer, and with KKBC's prior written consent, you may deliver to KKBC or deposit postage-paid into the U.S. Postal Service, payment of the Franchise Service Fee. Payment by Electronic Fund Transfer shall be made to the bank, account number and routing number furnished to you. Manual delivery or deposit, when necessary, shall be made at:

Kwik Kopy Business Centers, Inc.
12715 Telge Road
Cypress, Texas 77429

or at an address KKBC may designate from time to time. Sales Reports shall be provided to KKBC as required by Paragraph 4.13.

5.05 **Place and Time of Payment.** Payments transmitted by Electronic Fund Transfer will be credited as of the day the deposit in KKBC's bank account is acknowledged by the bank.

5.06 **Penalty for Late Sales Report.** If KKBC is unable to poll the Sales Report from your computer and requests a written Sales Report, and you fail to deliver the Sales Report to KKBC by the time KKBC requests delivery, then the Sales Report shall be deemed late, and KKBC, at its discretion, may charge a penalty ~~in an amount determined solely by KKBC but in any event not to exceed 5% of the Franchise Service Fees which are calculated by the late Sales Report for each month the Sales Report is late~~in the amount of $5 per day, beginning the first business day following the due date of the Sales Report.

If a penalty is charged, KKBC shall invoice you for the penalty amounts and the penalty amounts shall be due and payable immediately when invoiced. In the event the penalty violates any applicable usury laws, you agree that the penalty shall then be the maximum rate permitted by these laws and any amount of penalties charged or collected from you shall be applied as a credit to any existing other debts or future Franchise Service Fees you owe KKBC.

5.07 **Penalty for Late Payment of Franchise Service Fee.** If KKBC does not receive from you payment for Franchise Service Fee by Electronic Fund Transfer as provided for in paragraph 5.04, then the payment shall be deemed late, and KKBC, at its discretion, may charge a penalty in ~~an amount determined solely by KKBC but not to exceed 5% of the Franchise Service Fees that are late for each month they are late~~the amount of $5 per day for each day that payment of the Franchise Service Fee is late. You shall also pay KKBC any Non-Sufficient Fund or related bank generated charges or fees which are assessed or incurred by KKBC because there are insufficient funds in your bank account for transfer of Franchise Service Fees, or because your bank account is closed.

If a penalty is charged, KKBC shall invoice you for the penalty amounts and the penalty amounts shall be due and payable immediately when invoiced. In the event the penalty violates any applicable usury laws, you agree that the penalty shall then be the maximum rate permitted by these laws and any amount of penalties charged or collected from you shall be applied as a credit to any existing other debts or future Franchise Service Fees you owe KKBC.

5.08 **Termination of Agreement.** Failure to comply with the provisions of Paragraphs 5.01 through 5.07 above in a substantial and diligent way will justify termination of this Agreement by KKBC as provided for in Paragraphs 10.01 and 10.02.

5.09 **Application of Payments.** KKBC may in KKBC's discretion:

a. Apply any payments received to any current indebtedness of any kind, no matter how payment is designated by you;

b. Set off from any amounts that may be owed by KKBC any amount owed to KKBC; and

c. Retain any amounts received for your account (and/or that of any Affiliate of yours), whether rebates owing to you from suppliers or otherwise, as a payment against any amounts owed to KKBC.

KKBC can exercise any of the foregoing rights in connection with amounts owed to or from KKBC and/or any affiliate of KKBC to or from you and/or any of your Affiliates.

6.0 TERM AND RENEWAL OF AGREEMENT.

6.01 **Term of Franchise.** This Agreement and the franchise granted by this Agreement shall end on the fifteen year anniversary of the date that your first Franchise Service Fee payment is due~~, subject to earlier termination as provided elsewhere in this Agreement~~. At the end of this Agreement, or upon an earlier termination, your post-termination obligations shall apply and shall specifically include compliance with the non-compete provisions contained in this Agreement.

6.02 **Renewal.** At the end of this Agreement, provided that you shall have complied with all the ~~term~~Terms of this Agreement, you shall have an option to renew the Franchise for a period of fifteen (15) years by giving KKBC written notice of your election to renew the franchise at least six (6) months prior to the end of the ~~term~~Term of this Agreement. The renewal shall be effected by the execution of the standard Franchise Agreement in effect for the sale of new Kwik Kopy Business Center Franchises at the time the renewal is effected, but no additional initial franchise fees shall be paid by you. However, Franchise Service Fee payments and other payments and Fees as provided for in the standard Franchise Agreement then in effect shall be paid during the renewal term, and expenses related to upgrading your business in accordance with KKBC's requirements for new start-ups may be required by KKBC.

7.0 INSURANCE.

7.01 **Protection of KKBC.** You shall, at all times during the ~~term~~Term of this Agreement and at your own expense, carry all forms of insurance that may be required by the law or contractual agreement. Insurance shall include a commercial comprehensive general liability policy including product liability and blanket contracts liability coverage and auto liability including hired and non-owned liability carrying a minimum combined single limit of $1,000,000.00. In addition, you must carry extended coverage insurance in an amount equal to the market value of your stock and equipment. You must also carry Worker's Compensation Insurance and any other insurance as required by the state of the franchise location. KKBC shall be listed by you as additional insured and you shall forward certificates of coverage of said parties and a copy of the insurance policy to KKBC along with proof of subsequent renewals. Insurance limits may be changed by KKBC if deemed advisable in the sole discretion of KKBC.

7.02 **Protection For You.** You shall carry property and extended coverage insurance with minimum coverage in excess of the value of all your property in or around your Kwik Kopy Business Center to protect you against loss due to fire, other perils, vandalism, malicious mischief and theft.

7.03 **Failure to Obtain Insurance.** If you fail to comply with the requirements of Paragraphs 7.01 or 7.02, KKBC may obtain the insurance and keep the same in force and effect, and you shall pay KKBC, on demand, all premiums charged for the policies. Failure to obtain insurance may be considered a default of this Agreement.

8.0 GOODWILL & MARKS.

8.01 **Your Agreement as to the Marks.** You acknowledge the validity of the Marks and KKBC's rights and interest in the Marks. You shall not, in any way, do anything to infringe upon, harm, challenge or contest KKBC's rights or the validity of the Marks or any other mark or name which incorporates one of the Marks or any of the Marks' registrations. You shall not use any of the Marks other than as permitted by this Agreement. You shall not place any name, mark, logo, insignia or the like other than the names, marks, logos, insignias and the like originally appearing, on any products or packages or other materials which you obtain from KKBC or with KKBC's written permission from third parties.

8.02 **Use of the Marks.** You agree not to add any name, mark, logo, insignia or the like to the Marks or to make any variations in the use of the Marks unless first approved in writing by KKBC. It is understood and agreed that KKBC may make variations in the Marks or the use of the Marks. You agree to use only the Marks which are authorized by KKBC, and only the manner of use authorized by KKBC.

8.03 **Corporate Use of Marks.** You shall not use any of the Marks in your corporate name.

8.04 **Goodwill.** You recognize and agree that the use of the Marks or of any approved name, mark, logo, insignia or the like incorporating the Marks by you inures to the benefit of KKBC and that any goodwill arising from this use remains the property of KKBC should this Agreement expire or be terminated for any reason. You agree the goodwill includes, but is not limited to, the current customers, customer lists, customer files, website and telephone number and facsimile number of your KKBC.

8.05 **Infringement.** You acknowledge that certain of the Marks have been registered with the United States Patent and Trademark Office. KKBC and the legal owner of the Marks, only, retain the discretionary right to assert infringement of the Marks and registrations against any person or concern who may use the Marks without permission, license or authority of KKBC.

i. Your prospect has negotiated a new lease or an assumption or assignment of your lease with your landlord for lease of the Kwik Kopy Business Center premises and written proof of this has been submitted to KKBC when required by KKBC;

j. You and your prospect have satisfied any other requirements for KKBC's consent to the transfer at the time of the transfer including prospect's visit at KKBC offices and personal interview with KKBC's designated personnel;

k. KKBC consents to the transfer in writing;

l. The Kwik Kopy Business Center must be upgraded to current standards set forth by KKBC;

m. KKBC determines that your prospect has successfully completed all training required by KKBC at the time of the transfer; and

If all the conditions have occurred or been performed, KKBC will not unreasonably withhold, delay or condition its consent to any proposed transfer by you permitted by Paragraph 9.03, which requires KKBC's consent under this Agreement. You agree that the new franchise agreement your prospect will be required to sign may contain substantially different terms, including a higher amount of Franchise Service Fees and other payments. Your sale or transfer without KKBC's consent of your Kwik Kopy Business Center business shall operate as a termination of this Agreement with you for purposes of Paragraphs 11.02, 11.03 and 11.04 of this Agreement and those same restriction covenants shall apply to you.

9.04 **KKBC's First Option to Purchase Your Kwik Kopy Business Center Business.** If you wish to sell your interest in your Kwik Kopy Business Center Business to another, you shall first offer your interest in the business to KKBC in writing upon the same terms and conditions as offered to your prospect. KKBC shall have a period of thirty (30) days from receipt of your offer in which to accept. If KKBC refuses or fails to accept your offer you may make the same offer to your prospect. You shall not make another offer to your prospect with terms different than the offer made to KKBC without offering those different terms first to KKBC and providing KKBC another thirty (30) days to accept the new offer. If KKBC refuses or fails to accept the new offer you may make the same new offer to your prospect.

9.05 **Transfer of Kwik Kopy Business Center Business to Heirs or Beneficiaries upon Death.** If you should die during the ~~term~~Term of this Agreement, your heirs or beneficiaries may operate your Kwik Kopy Business Center business under the ~~term~~Terms of this Agreement for a period of up to six (6) months from the date of your death. After six (6) months, your heirs or beneficiaries shall have the option of either taking any training required by KKBC and executing the then current standard Franchise Agreement to assume the Kwik Kopy Business Center or sell or transfer the Kwik Kopy Business Center to another subject to Paragraph 9.03 of this Agreement.

9.06 **Incorporation.** You may assign your rights under this Agreement to a corporation owned by you after the following conditions have occurred or have been performed:

a. You make application for KKBC's consent to assignment of the Agreement to your corporation and provide KKBC with a copy of your certificate of incorporation, articles of incorporation and disclose the names and addresses of all officers, directors and shareholders of the corporation and the percentages of stock in the corporation each stockholder will hold;

b. You pay KKBC an assignment fee in an amount to be determined by KKBC at the time of the assignment; and

c. You execute and deliver to KKBC an assignment agreement which includes the following terms:

i. You remain personally liable for all terms, conditions and obligations under this Agreement;

ii. Your corporation assumes liability with you for all terms, conditions, and obligations under this Agreement;

iii. You shall continue to supervise and manage the operation of your Kwik Kopy Business Center;

iv. You shall own, hold and maintain not less than 75% of all voting stock in your corporation;

v. All stock in your corporation shall be subject to the restrictions provided in the assignment agreement; and

vi. All shareholders, officers and directors shall guaranty all your obligations to KKBC under this Agreement subject only to the extent allowed under applicable law.

9.07 **Ownership by Corporation or Other Legal Entity.** If you sign this Agreement as a corporate franchisee or other legal entity such as a partnership as well as personally, you shall deliver to KKBC a written list of the names and addresses of all stockholders or interest holders and the amount and percentage of stock or other interest to be owned by each. All stockholders or interest holders shall be bound individually to all the terms, conditions and obligations of this Agreement. You shall also provide a list of all officers and directors and copies of the signed confidentiality and non-compete agreements.

9.08 **Change of Corporate Ownership.** If, during the ~~term~~Term of this Agreement, any shareholder or interest holder of a corporation owning the Franchise proposes to sell ~~his~~ their stock or if the corporation proposes to issue or transfer shares of stock to a third party, the proposed purchaser or third party shall be first approved by KKBC, in writing, before same becomes effective. This approval shall not be unreasonably withheld by KKBC and the shareholder or interest holder shall agree to guaranty the obligations of the corporation under this Agreement and be bound by this Agreement as if they individually executed it. If the sale or transfer of stock involves twenty-five percent (25%) or more of the capital stock of the corporation, the requirements of Paragraph 9.04 shall apply.

9.09 **Share Certificates.** All stock certificates of any corporation which executes this Agreement shall make reference to the restrictions as found in Paragraphs 9.06, 9.07 and 9.08 of this Agreement so as to make same a binding restriction on transferability in accordance with the corporate laws of the state in which the corporation is formed.

9.10 **Invalid Transfer of Business.** No transfer of your interest in the franchised Kwik Kopy Business Center business or other entity owning the Franchise shall be effective until your proposed transferee has been approved by KKBC and has executed all Agreements with KKBC that KKBC currently requires of a new franchisee. Except as provided for in this Agreement, the franchised business may not be transferred, sold, assigned, pledged, hypothecated, or encumbered in any way, by operation of law or otherwise. Any attempt to do so shall immediately effect the termination of this Agreement.

10.0 TERMINATION BY KKBC.

10.01 **Right of Termination for Cause with Opportunity to Cure**. Upon the occurrence of any event of default specified in Paragraph 10.02 below, KKBC shall have the right to terminate this Agreement. Such termination shall be effective thirty (30) days after written notice is given by KKBC to you of the event of default, and of the fact that termination shall occur if all the defaults specified in such notice are not cured within such thirty (30) day period. Notice shall be deemed given from the date on which the written notice is deposited in the U.S. Postal Service, certified mail, return receipt requested, or by another common carrier such as UPS or FedEx with signature required, and addressed to you at your last known mailing address. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination other than in accordance with such applicable law, then such provisions shall be modified to the extent necessary to comply with the provisions of such applicable law.

10.02 **Defaults with Opportunity to Cure.** The following shall each constitute default by you under this Agreement, for which KKBC may terminate in accordance with Paragraph 10.01 above:

a. failure to pay any sums due, or report Gross Sales, to KKBC pursuant to the ~~term~~Terms of this Agreement; or

b. failure to pay any of the sums due KKBC, affiliate of KKBC, or third party, pursuant to the terms of any lease (except premises lease or sub-lease, in that event Paragraph 10.04 applies), sub-lease, equipment lease, franchise agreement, commercial note or other agreement between you and KKBC, an affiliate of KKBC, or a third party, or failure to pay a creditor when the obligation is guaranteed by KKBC;

c. failure to comply with Section 3.24 to maintain the appearance of your Kwik Kopy Business Center; or

d. failure to comply with any of your obligations under this Agreement other than those set out in Paragraph 10.04.

10.03 **Right of Termination for Cause without Opportunity to Cure.** Upon the occurrence of any event of default specified in Paragraph 10.04 below, KKBC shall have the right to terminate this Agreement. Such termination shall be effective immediately upon KKBC giving you notice and with no opportunity to cure required. Notice shall be deemed given from the date on which the written notice is deposited in the U.S. Postal Service, postage paid, certified mail, return receipt requested and addressed to you at your last known mailing address. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination other than in accordance with such applicable law, then such provisions shall be modified to the extent necessary to comply with the provisions of such applicable law.

10.04 **Defaults without Opportunity to Cure.** The following shall each constitute default by you under this Agreement, for which KKBC may terminate in accordance with Paragraph 10.03 above:

a. Any default under any lease or sub-lease covering the premises where your Kwik Kopy Business Center is located, which results in legal action being commenced to terminate said lease or sub-lease or any default under the Kwik Kopy Business Center franchise agreement which results in legal action being commenced or termination of your Kwik Kopy Business Center franchise agreement.

b. Failure to keep the Kwik Kopy Business Center open for business for a continuous period of fifteen (15) days or more without the prior written consent of KKBC, unless said Kwik Kopy Business Center was closed by reason of governmental action not related to your breach of this Agreement, or other event of force majeure; or

c. If you are insolvent (as revealed by your books and records or otherwise); if you shall be adjudicated a bankrupt, or a voluntary or involuntary Petition in Bankruptcy or any other arrangement under the bankruptcy laws shall be filed by or against you; or if you shall make an assignment for the benefit of creditors; or if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, is appointed to take charge of your affairs or any of your property; or if dissolution be commenced by or against you; or if any judgment against you remains unsatisfied or unbonded of record for fifteen (15) days; or

d. If you shall attempt to assign this Agreement or transfer the franchised Kwik Kopy Business Center to another, without the prior written consent of KKBC, or if an assignment of this Agreement shall occur by operation of law, or by reason of the judicial process; or

e. If you shall attempt to assign, transfer or convey any or all of the Marks or the goodwill attached to the Marks, or if you shall use, or permit the use of any or all of the Marks or the Marks' goodwill in derogation of KKBC's rights pursuant to this Agreement, or if you shall use any or all of the Marks permit the use of said trademarks, service marks, logo types or the goodwill, in a manner, or at a location not authorized by KKBC pursuant to the ~~term~~Terms of this Agreement; or

f. If you block or obstruct in any way or attempt to block or obstruct in any way KKBC's retrieval of financial information, including Sales Reports, from your computer; or

g. If you attempt to sell or otherwise transfer the assets of the Kwik Kopy Business Center franchised business independent and separate from your interest in the franchise license.

11.0 YOUR RESTRICTIONS.

11.01 **Your Non-compete Covenants - (During Term of Franchise Agreement).** KKBC and you agree that KKBC would be irreparably damaged if you should operate business and marketing and promotional services and related business services or other business offering these services in whole or in part unauthorized by KKBC during the existence of this Agreement. You agree, because of considerations, including the trade secrets, the knowledge and training to operate a Kwik Kopy Business Center and other technical and business information provided by or resulting from operation under this Agreement, that, during the ~~term~~Term of this Agreement, you shall not directly or indirectly, by virtue of being an employee, proprietor, a partner, stockholder, agent, through family relationships, or by financing or investing in same, be associated with a business and marketing and promotional services, and related services business, or other business offering these services in whole or in part within anywhere in the United States, unless the association is approved by KKBC in writing.

Because of the irreparable injury which will be caused by breach of this provision, you understand and agree to the issuance of a temporary injunction by a court of proper jurisdiction to protect KKBC from the breach. "You" includes corporations, partnerships and individuals who are bound by this Agreement by virtue of execution of this Agreement, ownership of stock, or transfer of any interest of this Agreement. If any of the above noted restrictions are ever determined, as of the date of enforcement, to be unlawful or unreasonable under applicable state law, then in this event, the covenants here and above which purport to restrict your activities are amended to provide that the restrictions shall apply for the maximum time and geographic scope permitted by applicable state law.

11.02 **Your Non-compete Covenants - (Expiration or Termination of this Agreement - Trade Area of This Franchise).** KKBC and you agree that KKBC would be irreparably damaged if you should operate a business and marketing and promotional services, and related services business, or other business offering these services in whole or in part in the "trade area" served by this Kwik Kopy Business Center Franchise for a period of time after the expiration or termination of this Agreement for any reason. You agree, because of considerations, including the trade secrets, the knowledge and training to operate a Kwik Kopy Business Center and other technical and business information provided by or resulting from operation under this Agreement, that, for a period of two (2) years after expiration or termination of this Agreement for any reason, you shall not:

a. directly or indirectly, by virtue of being an employee, proprietor, a partner, stockholder, agent, through family relationship or by financing or investing in same, be associated with a business and marketing and promotional services, and related services business, or other business offering these services in whole or in part, within the "trade area served by this Kwik Kopy Business Center franchise." For the purposes of this section only, "trade area served by this Kwik Kopy Business Center franchise" shall be encompassed within an area defined by a three-mile radius from the business location of the Kwik Kopy Business Center of this Franchise;

b. solicit the business of or make contact with the customers of your Kwik Kopy Business Center for any business purpose; and

c. persuade, entice or attempt to persuade or entice any of your prior employees to discontinue employment at the location of your Kwik Kopy Business Center.

Because of the irreparable injury which will be caused by breach of this provision, you understand and agree to the issuance of a temporary injunction by a court of proper jurisdiction to protect KKBC from the breach. "You" includes corporations, partnerships and individuals who are bound by this Agreement by virtue of execution of this Agreement, ownership of stock, or transfer of any interest under this Agreement. If you do not comply with the covenants as of the date they would go into force and under the ~~term~~Terms of this Agreement, then the time the covenants begin to run shall commence on the later of either the date at which you do begin to comply with the covenants, or the date at which a court order compelling this compliance goes into effect. If any of the above-noted restrictions are ever determined, as of the date of enforcement, to be unlawful or unreasonable under applicable state law, then these covenants which purport to restrict your activities are amended to provide that the restrictions shall apply for the maximum time and geographic scope permitted by applicable state law.

11.03 **Your Non-compete Covenant (Expiration or Termination of this Agreement - Trade Area of Other Kwik Kopy Business Center Franchises).** KKBC and you agree that KKBC would be irreparably damaged if you should operate a business and marketing and promotional services, and related services business, or other business offering these services in whole or in part in the "trade area" served by any other Kwik Kopy Business Center Franchise for a period of time after the expiration or termination of this Agreement for any reason. You agree, because of consideration, including the trade secrets, the knowledge and training to operate a Kwik Kopy Business Center and other technical and business information provided by or resulting from operation under this Agreement that, for a period of two (2) years after expiration or termination of this Agreement for any reason, you shall not: directly or indirectly, by virtue of being an employee, proprietor, a partner, stockholder, agent, through family relationships or by financing or investing in same, be associated with services and sale of marketing material and related services business, or other business offering these services in whole or in part, within the "trade area" served by any Kwik Kopy Business Center Franchise. For the purposes of this section only, "trade area" served by any Kwik Kopy Business Center Franchise shall be encompassed within an area defined by a three-mile radius from the business location of any Kwik Kopy Business Center Franchise.

Because of the irreparable injury which will be caused by breach of this provision, you understand and agree to the issuance of a temporary injunction by a court of proper jurisdiction to protect KKBC from the breach. "You" includes corporations, partnerships and individuals who are bound by this Agreement by virtue of execution of this Agreement, ownership of stock, or transfer of any interest under this Agreement. If you do not comply with the aforesaid covenants as of the date they would go into force and under the ~~term~~Terms of this Agreement, then the time the covenants begin to run shall commence on the later of either the date at which you do begin to comply with the covenants, or the date at which a court order compelling your compliance goes into effect. If any of the above-noted restrictions are ever determined, as of the date of enforcement, to be unlawful or unreasonable under applicable state law, then in such event, the covenants hereinabove which purport to restrict your activities are amended to provide that the restrictions shall apply for the maximum time and geographic scope permitted by applicable state law.

11.04 **Your Covenant Regarding Trade Secrets and Other Confidential Information.** You agree, because of considerations, including the trade secrets and the knowledge and training to operate a Kwik Kopy Business Center and other technical and business information provided by or resulting from operation of this Agreement, you shall not, during the ~~term~~Term of this Agreement (except as is required in the operation of the Kwik Kopy Business Center) nor at any time after termination for any reason or expiration, disclose or use the information contained in KKBC's manuals, KKBC's trade secrets, the knowledge and training to operate a Kwik Kopy Business Center or other technical or business information provided or resulting from operation under this Agreement, or to make copies of KKBC's manuals or any documents containing the trade secrets, the knowledge and training to operate a Kwik Kopy Business Center or other technical or business information provided or resulting from operation under this Agreement. This other "technical or business information" includes customer names, addresses and requirements, confidential information concerning pricing methodology and structures, advertising formats, sales promotion formats, accounting systems, business methods and procedures, equipment or product studies and evaluations, and maintenance and systems of operation.

Because of the irreparable injury which will be caused by breach of this provision, you understand and agree to the issuance of a temporary injunction by a court of proper jurisdiction to protect KKBC from the breach. "You" includes corporations, partnerships and individuals who are bound by this Agreement by virtue of execution of this Agreement, ownership of stock, or transfer of any interest under this Agreement. If you do not comply with the aforesaid covenants as of the date they would go into force and under the ~~term~~Terms of this Agreement, then the time the covenants begin to run shall commence on the later of either the date at which you do begin to comply with the covenants, or the date at which a court order compelling this compliance goes into effect. If any of the above-noted restrictions are ever determined, as of the date of enforcement, to be unlawful or unreasonable under applicable state law, then in that event, these covenants which purport to restrict your activities are amended to provide that the restrictions shall apply for the maximum time and geographic scope permitted by applicable state law.

11.05 **Definition of the Term "Expiration".** The term "expiration" as used in this section of the Agreement and elsewhere is defined to be an event of termination resulting from mere lapse of time.

12.0 TERMINATION BY YOU.

12.01 Prior to your beginning classroom/lab training, you may terminate this Agreement. If you choose to terminate this Agreement, you will sign a mutual termination agreement suitable to KKBC, adhere to sections 11 and 13 and pay KKBC out-of-pocket expenses, including any fees paid by us to a franchise referral source and any sales commissions.

12.02 **Termination by You.** After you have commenced classroom/lab training, you are not, by any express provision of this Agreement, given any rights to terminate this Franchise Agreement prior to the expiration of the ~~term~~Term, or any renewal period.

13.0 RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.

Upon expiration or termination of this Agreement for any reason:

13.01 You shall immediately report all sales to the date of termination or expiration.

13.02 You shall immediately pay KKBC all sums or amounts due to KKBC to the date of termination or expiration.

13.03 You shall immediately pay for any sums or amounts due to business accounts guaranteed by KKBC.

13.04 You shall immediately cease to represent yourself as a franchise of KKBC and discontinue the use of the Marks, trade secrets, the knowledge and training to operate a Kwik Kopy Business Center, and any technical or business information provided or resulting from operation under this Agreement and KKBC's methods and techniques in any form or colorable imitation.

13.05 The business telephone number for the Kwik Kopy Business Center is, by this Agreement, assigned to KKBC and you agree to execute any documents which may be necessary or desirable to affect the transfer. You appoint KKBC as your agent to effect the transfer with the telephone service provider. You are liable for all telephone charges incurred prior to the transfer and agree to hold the telephone service provider harmless from any and all liability or claims arising out of the transfer of the telephone number.

13.06 You shall deliver up and surrender possession of the business premises to KKBC at KKBC's option.

13.07 You shall promptly return to KKBC at its corporate headquarters all documents, software, records and copies comprising, referring to or reflecting the trade secrets, the knowledge and training to operate a Kwik Kopy Business Center or any technical or business information provided or resulting from operation under this Agreement, including KKBC's manuals, a current customer list, customer files and any documents necessary to create a list of the names and addresses and requirements of the current customers of your Kwik Kopy Business Center.

13.08 You shall promptly dispose of all stationery, printed matter, signs and advertising materials containing any of the Marks as directed by KKBC at your expense.

13.09 You will have an additional option, upon expiration of the Term of the Agreement only, of paying an amount of money to the Franchisor that releases you from the end of term non-compete covenant and certain other obligations and is due on the expiration date. The amount paid will equal two (2) years of Franchise Service Fees. To calculate this amount, if this option is chosen, the average of the annual Franchise Service Fees paid for the five (5) year period prior to the end of the term will be used. The amount is payable as a lump sum.

13.~~09~~10 You shall comply with all non-compete provisions in this Agreement.

and expenses incurred or estimated to be incurred by KKBC whether or not a lawsuit is filed or judgment obtained. You agree further that any or all of KKBC's fees and expenses may be charged to you along with Franchise Service Fees and your failure to pay any fees and expense charged to you under this section shall constitute a material default by you of the Franchise Agreement. You waive presentment of claim and stipulate that any attorney's fees under $200.00 per hour with any aggregate fees in an amount less than 50% of KKBC's claims is reasonable.

If any fees or expenses are charged, KKBC shall invoice you for the fees or expenses and your payment of these fees and expenses shall be due and payable immediately when invoiced.

15.08 **Waiver.** Failure of KKBC to enforce any of the provisions of this Agreement shall not constitute a waiver of rights or a waiver of any subsequent enforcement of the provisions of this Agreement.

15.09 **Severability.** If any provisions of this Agreement or any part of this Agreement is declared invalid by any court of competent jurisdiction, the act shall not affect the validity of this Agreement, and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or parts of the provisions.

15.10 **Notices.** Notices provided for in this Agreement may be delivered either in person or by certified mail, postage paid, return receipt requested, to the other party at the address stated in this Agreement or at any address as the other party may designate.

15.11 **Captions.** Captions of Paragraphs or Articles or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15.12 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, that all counterparts shall constitute one and the same instrument.

15.13 **Entire Agreement.** This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the ~~term~~Terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

15.14 **Joint and Several Liability.** If this Agreement is signed by more than you, then the liability, if any, of all persons to KKBC under this Agreement shall be joint and several.

15.15 **No Oral Modifications.** This Agreement may not be modified except in writing signed by both parties. Any inducements, representations, promises or commitments, oral or otherwise, not embodied in this Agreement, shall be of no force or effect.

FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED IN THIS AGREEMENT. NO REPRESENTATIONS OR PROMISES

EXHIBIT A.2

ADDENDUM TO THE KWIK KOPY BUSINESS CENTER FRANCHISE AGREEMENT RE-BRANDING OF AN EXISTING BUSINESS

THIS ADDENDUM is entered into on ______________________, 20____, by and between Kwik Kopy Business Centers, Inc. (KKBC) and ______________________ ____________________ ("Re-branding Owner") for amendment of the Kwik Kopy Business Center Franchise Agreement for Kwik Kopy Business Center No. ______; and shall be considered as fully incorporated into and with the Franchise Agreement for that purpose.

WITNESSETH:

WHEREAS, Re-brand Owner presently conducts a business which provides business support services, including but not limited to, printing and reproduction services, marketing material, marketing consultation, design, typesetting, promotional products, signs, banners, rubber stamps, bindery, facsimile computer support service, including internet applications, word processing, desktop publishing, pick-up and delivery services, inventory storage and fulfillment services, U.S. Mail services, sale of stationery items, and convenience gift items as well as other related business services at the approved location ("Current Business");

WHEREAS, KKBC and Re-brand Owner have entered into a Kwik Kopy Business Center Franchise Agreement on ______________________, 20____, (the "Agreement") which they wish to amend by this Addendum to provide for the re-branding of the Current Business to a Kwik Kopy Business Center; and

WHEREAS, all capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Agreement.

NOW THEREFORE, the parties agree as follows:

1. Construction of Leasehold Improvements

1.1 Re-brand Owner shall modify the Current Business premises in the manner set forth in Exhibit 1, to conform to KKBC's prototype plans and specifications.

1.2 KKBC and Re-brand Owner agree that time is of the essence in connection with the construction of leasehold modifications. Re-brand Owner shall complete such modifications no later than 60 days from the execution of the Addendum. Failure to complete the modifications in the time allowed will be a default under the Agreement. In that event, KKBC shall have the right to terminate the Agreement in accordance with Section 10.1 of the Agreement.

1.3 Upon completion of the modifications set forth in Exhibit 1, Re-brand Owner shall submit a written request to KKBC to conduct a final inspection of the Kwik Kopy Business Center premises and, upon receipt of such request, KKBC shall promptly conduct a final inspection. Re-brand Owner shall not open the Kwik Kopy Business Center for business without KKBC's written authorization.

1.4 Re-brand Owner may at its discretion continue to operate its Current Business during construction of leasehold modifications but shall not identify itself as a Kwik Kopy Business Center until receipt of KKBC's written authorization to conduct business, as set forth in Section 1.3 of this Addendum.

2. Training

2.1 Prior to the opening of the Kwik Kopy Business Center, Re-brand Owner (or, if Re-brand Owner is a corporation or partnership, a principal of Re-brand Owner acceptable to KKBC) will attend a classroom/lab training program at our headquarters in Cypress, Texas. The cost of this training, lodging, lease of KKBC manuals, breakfast and lunch during training days and other materials received are covered by fees paid by Re-brand Owner. Re-brand Owner will be directly responsible for airfare and any other expenses.

3. Changes and Additions to Section **5.0 FEES AND CHARGES.**

3.1 The following shall be inserted and added to the existing terms in Section 5.01 of the Agreement and made a part thereof:

KKBC acknowledges receipt from Re-brand Owner of an initial franchise fee of $10,000. Notwithstanding anything to the contrary in the Franchise Agreement, the $10,000 initial franchise fee payment shall be fully earned and nonrefundable when paid, in consideration of the administrative and other expenses incurred by KKBC in entering into the Franchise Agreement, and for KKBC's lost or deferred opportunity to enter into the Franchise Agreement with others.

3.2 Section 5.02 of the Agreement shall read in its entirety as follows:

> 5.02 **Franchise Service Fee**. During the ~~term~~Term of this Agreement you agree to pay to KKBC as consideration under this Agreement a Franchise Service Fee each month of 7% of Gross Sales of the business conducted by you over the total sales base amount of $__________.
>
> The sale of U.S. postage stamps at cost shall be deducted from your Gross Sales as long as those sales are properly documented and provided further that all your debts to KKBC are paid current and you are otherwise in total compliance with all terms and conditions of this Franchise Agreement.

4. Deletions from the Agreement

4.1 Section 1.07.a (Review of Location and Lease) in the Agreement shall be deleted in its entirety, and have no force or effect.

5. Integration

5.1 This Addendum shall be considered an integral part of the Agreement between the parties hereto, and the ~~term~~Terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the ~~term~~Terms of the Agreement is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Re-branding of an Existing Business Addendum on the day and year first above written.

KWIK KOPY BUSINESS CENTERS, INC.

By: ______________________________

Title: ______________________________

Re-brand Owner

By: ______________________________

Title: ______________________________

Re-brand Owner

By: ______________________________

Title: ______________________________

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
States Where We Have Registered This Disclosure Document or Applied for Registration

STATE	STATE ADMINISTRATORS	ADMINISTRATOR'S ADDRESS	EFFECTIVE DATE
California	Department of Corporations	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706	
Indiana	Secretary of State	201 State House 200 West Washington Street Indianapolis, IN 46204	
Kentucky	Attorney General's Office – Consumer Protection Division	1024 Capitol Center Drive Frankfort, KY 40602	
Minnesota	Commissioner of Commerce	85 7th Place East, Suite 500 St. Paul, MN 55101 (651) 296-6328	
~~Nebraska~~	~~Department of Banking and Finance~~	~~1200 N. Street, Suite 311~~ ~~Lincoln, NE 68509~~	
North Carolina	Secretary of State	2 South Salisbury Street Raleigh, NC 27601-2903	
Utah	Department of Commerce	160 East 300 South, Box 146704 Salt Lake City, UT 84114-6704	
~~Wisconsin~~	~~Commissioner of Securities~~	~~345 West Washington, 4th Floor~~ ~~Madison, WI 53703~~	

COMPANY	AGENTS FOR SERVICE OF PROCESS	AGENT'S ADDRESS
ICED	In Texas: CT Corporation System	350 North St. Paul Street Dallas, TX 75201-4234
ICED	In Delaware: The Corporation Trust Company	1209 Orange Street Wilmington, DE 19801
I.C.E.D. Management, Inc.	In Delaware: The Corporation Trust Company	1209 Orange Street Wilmington, DE 19801
Kwik Kopy Business Centers, Inc.	In Texas: CT Corporation System	350 North St. Paul Street Dallas, TX 75201-4234
Kwik Kopy Business Centers, Inc.	In California: Department of Corporations	320 West 4th Street Los Angeles, California 90013-2344
Kwik Kopy Business Centers, Inc.	In Illinois: Illinois Attorney General	500 South Second Street Springfield, IL 62706
~~Kwik Kopy Business Centers, Inc.~~	~~In Maryland: Maryland Securities Commissioner~~	~~200 St. Paul Place Baltimore, Maryland, 21202-2020~~
Kwik Kopy Business Centers, Inc.	In Minnesota: Commissioner of Commerce	85 7th Place East, Suite 500 St. Paul, MN 55101-2198
~~Kwik Kopy Business Centers, Inc.~~	~~In Virginia: Clerk of the State Corporation Commission~~	~~1300 East Main Street, First Floor Richmond, Virginia 23219~~

EXHIBIT C

KWIK KOPY BUSINESS CENTER

FRANCHISE OWNER ROSTER

KWIK KOPY BUSINESS CENTERS FRANCHISE OWNER ROSTER
DECEMBER 2016

STATE	CENTER NUMBER	FRANCHISE OWNER	STREET ADDRESS	CITY/STATE/ZIP	PHONE
CA	146	Long Tran & My-Ha	16075 South De Anza Boulevard, #1	Cupertino, CA 95014	(408) 725-0243
CO	129	Gregory Irwin	1152 Lipan Street	Denver, CO 80223	(303) 934-6878
GA	140	James Hawes & Jerry Freeman	1197 Peachtree Street, Suite 516	Atlanta, GA 30361	(404) 897-1060
GA	139	James Hawes & Jerry Freeman	817 W. Peachtree St., NW, Suite A-100	Atlanta, GA 30308	(404) 876-9667
IL	141	Charlie & Missy Klimkowski	125 S. Virginia Street, #201	Crystal Lake, IL 60014	(815) 459-5066
IN	130	Scott Fenneman	1326 N. Weinbach Avenue	Evansville, IN 47711	(812) 401-9100
KY	112	Mark Kiser	5040 Old Taylor Mill Road	Taylor Mill, KY 41015	(859) 431-8811
LA	106	Gordon & Jerolyn Fitzgerald	7712 Main Street	Houma, LA 70360	(985) 873-0801
MN	116	Richard L. "Pat" Denison and Jay M. Groot	5708 Upper 147 Street West, Suite 108	Apple Valley, MN 55124	(952) 953-5522
NC	103	Ronald Gomilla	9121 Sam Furr Road, Suite 108	Huntersville, NC 28078	(704) 987-0111
TX	120	John & Linda Parker	5403 Bellaire Boulevard	Bellaire, TX 77401	(713) 664-1359
TX	128	Chris & Michael Brewster	2305 South Day Street	Brenham, TX 77833	(979) 836-3825
TX	126	Manish Patel	3411 Preston Road, Suite C-13	Frisco, TX 75034	(972) 668-9540
TX	149	Terry & Connie Saint	1215-5 West Main Street	Tomball, TX 77375	(281) 351-8000
TX	117	Jerry Hays & David Vaughan	17126 Stuebner Airline Road	Spring, TX 77379-6213	(281) 376-4781
TX	114	Dan & Mary Ann Jones	4311 South 31st Street, #150	Temple, TX 76502	(254) 773-4800
TX	142	Scott Brooks	3405 Jacksboro Highway	Wichita Falls, TX 76302	(940) 692-9741
UT	145	Daniel & Lisa Oblad	4256 West 8370 South	West Jordan, UT 34088	(801) 280-2180
Total Centers		18			

EXHIBIT D

FRANCHISEES HAVING LEFT THE KWIK KOPY BUSINESS CENTER FRANCHISE SYSTEM

Franchisees Having Left the KWIK KOPY BUSINESS CENTER System For the Year 2016

STATE	CENTER #	FRANCHISE OWNER	STREET ADDRESS	CITY/STATE/ZIP	PHONE	EFFECTIVE DATE
N/A						

EXHIBIT E

FINANCIAL STATEMENTS OF ICED

Audited – Years Ended December 31, ~~2015~~2016, December 31, ~~2014~~2015, and December 31, ~~2013~~2014

Unaudited – For the Period Ended January 31, ~~2016~~2017

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
December 31, 2016

Table of Contents

KOLKHORST & KOLKHORST
CERTIFIED PUBLIC ACCOUNTANTS

9977 W. SAM HOUSTON PKWY., N., SUITE 150
HOUSTON, TEXAS 77064

(281) 477-9100
FAX: (281) 477-9191
WWW.KOLKHORSTCPAS.COM

Independent Auditors' Report

To the Board of Directors and Shareholders
International Center for Entrepreneurial Development, Inc.
Houston, Texas

We have audited the accompanying consolidated financial statements of International Center for Entrepreneurial Development, Inc. (a Delaware Corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Center for Entrepreneurial Development, Inc. and subsidiaries as of December 31, 2016 and 2015 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of International Center for Entrepreneurial Development, Inc. as of December 31, 2014, were audited by other auditors whose report dated April 19, 2015, expressed an unmodified opinion on those statements.

Kolkhorst & Kolkhorst

Houston, Texas
April 12, 2017

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 2016	December 31, 2015	December 31, 2014
CURRENT ASSETS			
Cash and cash equivalents	$ 419,665	$ 392,612	$ 1,491,000
Accounts and notes receivable, net	793,136	1,886,370	1,939,000
Inventories	-	-	44,000
Prepayments and other assets	-	-	159,000
Total current assets	1,212,801	2,278,982	3,633,000
LONG-TERM ASSETS			
Property and equipment, net	3,391,026	8,076,080	8,496,000
Non-current accounts and notes receivable, net	1,343,438	706,797	323,000
Rights to franchise agreements, net	-	32,727	115,000
Other assets	-	-	63,000
Total long-term assets	4,734,464	8,815,604	8,997,000
TOTAL ASSETS	$ 5,947,265	$ 11,094,586	$ 12,630,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	2016	2015	2014
CURRENT LIABILITIES			
Accounts payable	$ 90,118	$ 19,195	$ -
Accrued liabilities	219,279	390,857	352,000
Current portion of long-term debt	9,996	9,450	-
Total current liabilities	319,393	419,502	352,000
LONG-TERM DEBT, NET OF CURRENT PORTION	20,722	30,783	-
SHAREHOLDERS' EQUITY			
Common stock: $0.001 par value; 2,500,000 shares authorized	1,559	1,559	2,000
Additional paid-in-capital	2,614,750	2,614,750	2,615,000
Retained earnings	15,290,318	16,070,414	17,500,000
Treasury stock, at cost	(8,049,477)	(8,042,422)	(7,839,000)
Distributions	(4,250,000)	-	-
Total shareholders' equity	5,607,150	10,644,301	12,278,000
LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,947,265	$ 11,094,586	$ 12,630,000

See independent auditors' report and accompanying notes to the consolidated financial statements.

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF INCOME

	For the Year Ended December 31, 2016	2015	2014
Revenues			
Franchise service fees	$ 1,962,759	$ 2,008,380	$ 2,676,000
Facilities leasing income	-	2,037,764	3,741,000
Other operating income, net	612,563	568,690	786,000
Total revenues	2,575,322	4,614,834	7,203,000
Cost and expenses			
Cost of sales	156,059	421,671	565,000
Selling, general and administrative expenses	2,752,103	5,046,705	6,352,000
Depreciation and amortization	192,689	541,336	425,000
Total cost and expenses	3,100,851	6,009,712	7,342,000
Loss from operations	(525,529)	(1,394,878)	(139,000)
Other income (expenses)	(179,755)	-	848,000
Income (loss) before provision for income taxes	(705,284)	(1,394,878)	709,000
Provision for income and franchise taxes			
State	3,948	22,672	20,000
Foreign	70,864	-	17,000
Total provision for income and franchise taxes	74,812	22,672	37,000
Net income (loss)	$ (780,096)	$ (1,417,550)	$ 672,000

See independent auditors' report and accompanying notes to the consolidated financial statements.

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional		Treasury Stock		Distributions	Total
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Number of Shares	Amount		Shareholders' Equity
BALANCE, December 31,2013	1,562,608	$ 2,000	$ 2,615,000	$ 16,828,000	943,850	$ (7,786,000)	$ -	$ 11,659,000
Purchase of stock	-	-	-	-	2,650	(53,000)	-	(53,000)
Net income	-	-	-	672,000	-	-	-	672,000
BALANCE, December 31,2014	1,562,608	$ 2,000	$ 2,615,000	$ 17,500,000	946,500	$ (7,839,000)	$ -	$ 12,278,000
Purchase of stock	-	-	-	-	9,632	(203,332)	-	(203,332)
Net loss	-	-	-	(1,417,550)	-	-	-	(1,417,550)
Cumulative Rounding		(441)	(250)	(12,036)	-	(90)	-	(12,817)
BALANCE, December 31,2015	1,562,608	$ 1,559	$ 2,614,750	$ 16,070,414	956,132	$ (8,042,422)	$ -	$ 10,644,301
Purchase of stock	-	-	-	-	500	(7,055)	-	(7,055)
Distributions	-	-	-	-	-	-	(4,250,000)	(4,250,000)
Net loss	-	-	-	(780,096)	-	-	-	(780,096)
BALANCE, December 31, 2016	1,562,608	$ 1,559	$ 2,614,750	$ 15,290,318	956,632	$ (8,049,477)	$ (4,250,000)	$ 5,607,150

See independent auditors' report and accompanying notes to the consolidated financial statements.

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (780,096)	$ (1,417,550)	$ 672,000
Adjustments to reconcile net loss to net cash provided by operating activities			
Depreciation and amortization	192,689	541,336	425,000
(Gain) loss on sale of asset	58,332	-	(848,000)
Allowance for doubtful accounts	-	-	733,000
Change in operating assets and liabilities			
Accounts and notes receivable	456,593	(397,366)	(928,000)
Inventories	-	43,876	9,000
Prepayments and other assets	-	276,193	(58,000)
Accounts payable	70,922	19,195	(85,000)
Accrued liabilities	(171,578)	(123,558)	(258,000)
Income taxes payable	-	162,165	35,000
Net cash used in operating activities	(173,138)	(895,709)	(303,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(21,831)	(38,558)	(33,000)
Proceeds from sale of assets	4,488,592	-	900,000
Net cash provided by/(used in) investing activities	4,466,761	(38,558)	867,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	-	41,000	-
Principal payments on long-term debt	(9,515)	(767)	-
Purchase of treasury stock	(7,055)	(203,332)	(53,000)
Distributions	(4,250,000)	-	-
Net cash used in financing activities	(4,266,570)	(163,099)	(53,000)
Net increase (decrease) in cash and cash equivalents	27,053	(1,097,366)	511,000
Cash and cash equivalents, beginning of year	392,612	1,489,978	980,000
Cash and cash equivalents, end of year	$ 419,665	$ 392,612	$ 1,491,000
Supplemental disclosures			
Interest paid	$ 1,974	$ 188	$ -

See independent auditors' report and accompanying notes to the consolidated financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of International Center for Entrepreneurial Development, Inc. (the Company) is presented to assist in understanding the Company's consolidated financial statements and the notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Nature of Business

The Company, through its wholly-owned subsidiaries, franchises the right to operate businesses which provide printing and education in children's technology. In addition, as of December 31, 2014, the Company owns and operates two businesses that were previously owned by former franchisees.

Principles of consolidation

The consolidated financial statements include the accounts of the International Center for Entrepreneurial Development, Inc. ("ICED") and its wholly-owned subsidiaries: Kwik Kopy Corporation ("Kwik Kopy"), Kwik Kopy Business Centers, Inc. ("KKBC"), American Wholesale Thermographers, Inc. ("AWT"), The Ink Well of America, Inc. ("Ink Well"), Franklin's, Inc. ("Franklin's"), Telge Leasing, Inc. ("Telge"), COMPUTERTOTS, Inc. ("Computertots") and I.C.E.D. Management, Inc. All significant intercompany accounts and transaction have been eliminated in consolidation.

Franchise operations

Domestically, the Company sells the right to operate Kwik Kopy, KKBC, Ink Well, Franklin's, AWT, and Computertots centers under franchise agreements which provide, among other things, for initial franchise fees and continuing franchise service fees based upon a percentage of the centers' sales. The Company recognizes revenue from the sales of franchises when its obligations under the franchise agreement are substantially complete. Franchise service fee revenue is recognized as earned. In addition, the Company derives franchise service fee revenue from international master license agreements.

Cash and Cash equivalents

The Company's cash and cash equivalents are considered cash on hand and bank demand or deposits with original maturities of three months or less. The Company considers all highly liquid investments, when purchased, with original maturities of three months or less to be cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Company's financial instruments are cash and cash equivalents, accounts and notes receivable, inventories, and prepayments and other assets, accounts payable, accrued liabilities, current portion of long-term debt and long-term debt. The recorded values of cash and cash equivalents, accounts and notes receivable, inventories, and prepayments and other assets, accounts payable, accrued liabilities, and current portion of long-term debt approximate their fair values based on their short-term nature. The recorded values of long-term debt approximate their fair values, as interest approximates market rates.

Receivables and Bad Debt Allowance

Receivables are stated at the amount management expects to collect from outstanding balances. The Company provides allowances for losses on uncollectible accounts and notes receivable determined principally on the basis of past collection experience applied to ongoing evaluations of receivables and evaluations of the risks of repayments. (see Note B - Accounts and Notes Receivable).

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided principally by the straight-line and accelerated methods for financial reporting purposes over the estimated useful lives of the assets.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterment and major renewals are capitalized. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are included in operations.

The estimated useful lives of the assets generally are as follows:

Buildings	30 years
Machinery and equipment	3-5 years
Furniture and fixtures	5 - 7 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rights to franchise agreements

Rights to franchise agreements are recorded at their acquisition cost and amortized over the average life of the related franchise agreement, which range from 9 to 17 years.

Rights to franchise agreements consist of the following:

	December 31,		
	2016	2015	2014
Franklin's	2,878,739	2,878,739	$ 2,879,000
Ink Well	1,073,262	1,073,262	1,073,000
WHB	488,425	488,425	488,000
Computertots	452,500	452,500	453,000
Others	634,253	670,204	680,000
	5,527,179	5,563,130	5,573,000
Less: accumulated amortization	(5,527,179)	(5,529,403)	(5,458,000)
Rights to franchise agreements, net	$ -	$ 33,727	$ 115,000

Revenue recognition

Franchise revenue is recorded in accordance with GAAP, which require that franchise fee revenue from individual and area franchise sales be recognized only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. All other revenues are recognized when services are performed.

Income Taxes

The Company elected, under the applicable provisions of the Internal Revenue Code, to be treated as a S Corporation, whereby the Company's taxable income is included on a pro rata basis in the shareholders' federal income tax returns rather than being taxed at the corporate level. Accordingly, for the years ended December 31, 2016, 2015 and 2014, no provision for federal income taxes is included in operations. Income tax expense is recognized currently for taxes payable on remittances of state and foreign taxes.

As of December 31, 2016, the Company had no uncertain tax positions that require either recognition or disclosure in the Company's financial statements. Generally, the tax years before 2013 are no longer subject to examination by federal or state authorities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Company expenses advertising costs as they are incurred. For the years ended December 31, 2016 and 2015, advertising expense amounted to approximately $27,000 and $28,000, respectively.

Use of estimates

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

Reclassifications

Certain reclassifications and disclosures in the 2014 consolidated financial statements have been made to conform to the 2016 and 2015 presentation with no effect on previously reported net income.

Date of Management's Review

Subsequent events were evaluated through April 12, 2017, which is the date the financial statements were available to be issued.

NOTE B - ACCOUNTS AND NOTES RECEIVABLE

	2016	2015	2014
Trade accounts receivable	$ 1,138,971	$ 1,667,398	$ 1,894,000
Notes receivable, secured by franchise agreements, inventory, equipment and accounts receivable, generally due in installments over 5 to 10 years, interest ranging between 4% and 7%	234,664	273,972	962,000
Notes receivable from shareholders and related party, secured by stock, interest ranging between 0.39% and 5%, with varying maturity dates	1,225,840	1,245,391	-
Employee advances and other receivables	17,099	51,053	51,000
Gross accounts and notes receivable	2,616,574	3,237,814	2,907,000
Less allowance for doubtful accounts	(480,000)	(644,647)	(645,000)
Receivables, net	2,136,574	2,593,167	2,262,000
Less current portion, net	(793,136)	(1,886,370)	(1,939,000)
Noncurrent receivables, net	$ 1,343,438	$ 706,797	$ 323,000

NOTE B - ACCOUNTS AND NOTES RECEIVABLE (continued)

During the year the Company performs a thorough analysis of its accounts and notes receivable balances, as well as the applicable collection history. For the years ended December 31, 2016 and 2015, bad debt expense amounted to approximately $159,400 and $0, respectively.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2016	2015	2014
Land	$ 3,337,777	$ 3,337,777	$ 3,338,000
Buildings	4,795,602	14,029,274	14,013,000
Machinery and Equipment	61,815	6,044,427	6,013,000
Furniture and fixtures	80,000	2,092,595	2,102,000
	8,275,194	25,504,073	25,466,000
Less accumulated depreciation and amortization	(4,884,168)	(17,427,993)	(16,970,000)
Property and equipment, net	$ 3,391,026	$ 8,076,080	$ 8,496,000

Depreciation expense for the years ended December 31, 2016, 2015 and 2014 was approximately $192,700, $541,300, and $240,000, respectively.

NOTE D - LEASES

The Company rents certain equipment under daily and month-to-month operation lease agreements. Lease expense incurred under such agreement as of December 31, 2016 and 2015 was $9,009 and $4,501, respectively.

NOTE E - EMPLOYEE BENEFIT PLAN

The Company currently has a defined contribution benefit plan that includes a 401(k) cash deferral arrangement. The Plan covers substantially all of the Company's employees and provides, at the Company's option, for a matching contribution of an undefined amount and/or a discretionary contribution by the Company to the Plan. The Company did not make any contributions during 2016, 2015 or 2014.

NOTE F - RELATED PARTY TRANSACTIONS

The Company has notes receivable due from shareholders collateralized by a portion of their Company stock. As of December 31, 2016 and 2015 total amount due from shareholders was $1,225,840 and $1,245,391, respectively. The Company also had employee advances of $10,761, $51,053, and $51,000 at December 31, 2016, 2015, and 2014, respectively. (see Note B - Accounts and Notes Receivable).

NOTE G - SALE OF DOMESTIC TRADEMARK

On November 4, 2014, the Company transferred ownership of its Parcel Plus trademark rights for cash consideration, and the elimination of future master fee obligations payable to the Company.

NOTE H - LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2016	December 31, 2015	December 31, 2014
Note payable to financing company secured by equipment, payable in monthly installments of $955 including interest at 5.5% , maturity November 5, 2019	$ 30,718	$ 40,233	$ -
Current portion	(9,996)	(9,450)	-
Long-term portion	$ 20,722	$ 30,783	$ -

Principal maturities of long-term debt are as follows:

2017	$ 9,996
2018	10,586
2019	10,136
2020	-
2021	-
Thereafter	-
	$ 30,718

NOTE I - CONCENTRATIONS AND CONTINGENCIES

The Company maintains cash accounts with balances in excess of $250,000 at a single financial institution. The Federal Deposit Insurance Corporation (FDIC) standard insurance amount is $250,000 and balances in excess of this amount are subject to risk. The balance reflected on the statements of financial institutions in excess of FDIC coverage at December 31, 2016 and 2015 was approximately $0 and $242,000, respectively.

In addition, other financial instruments which potentially subject the Company to concentration of credit risk consist principally of trade receivables from franchisees. The Company performs periodic credit evaluations of its customers' financial conditions and generally does not require collateral. The Company maintains reserves for potential losses and such losses have been within management's expectations.

The Company's contingent liabilities include disputes and litigation arising in the ordinary course of business, which management believes will not have a material adverse effect on the Company's financial position.

As a result of the sale of domestic trademark disclosed in Note G, the Company had a limitation on indemnity not to exceed $450,000. This indemnity expired October 31, 2016.

NOTE J - SALE OF LAND AND BUILDINGS

On January 31, 2016 the Company sold land and buildings to third parties for $4,488,592. Of this amount the Company proportionately distributed $4,250,000 to its shareholders.

INTERNATIONAL CENTER FOR

ENTREPRENEURIAL DEVELOPMENT, INC.

Unaudited Consolidated Financial Statements

January 2017

ICED CONSOLIDATED
BALANCE SHEET
AS OF JANUARY 31, 2017

ASSETS	**Amounts**
CURRENT ASSETS	
CASH	307,734
ACCOUNTS AND NOTES RECEIVABLE, NET	528,648
ACCRUED RECEIVABLES	13,989
PREPAYMENTS	
TOTAL CURRENT ASSETS	850,371
INVESTMENTS AND L/T RECEIVABLE	
ACCOUNTS AND NOTES RECEIVABLE, NET	1,227,501
TOTAL INVEST. & L/T REC	1,227,501
PROPERTY AND EQUIPMENT	
TOTAL LAND, PROP & EQUIPMENT	3,447,741
OTHER ASSETS	
PREPAID EXPENSE & OTHER ASSETS	15,886
RIGHTS TO FRANCHISE AGREEMENTS	
TOTAL OTHER ASSETS	15,886
TOTAL ASSETS	**5,541,499**
LIABILITIES & SHAREHOLDERS EQUITY	
CURRENT LIABILITIES	
ACCOUNTS PAYABLE	46,427
ACCRUED LIABILITIES	158,320
TOTAL LIABILITIES	204,747
SHAREHOLDERS' EQUITY	
COMMON STOCK	1,559
ADDITIONAL PAID IN CAPITAL	2,614,750
TREASURY STOCK	(8,049,477)
DISTRIBUTIONS	
CURRENT PERIODS	(17,823)
RETAINED EARNINGS	10,787,743
TOTAL STOCKHOLDERS' EQUITY	5,336,752
TOTAL LIABILITIES	**5,541,499**

ICED CONSOLIDATED
STATEMENT OF INCOME
FOR THE MONTH ENDING JANUARY 31, 2017

	AMOUNT
REVENUE	
FRANCHISE SERVICE FEES	165,471
OTHER INCOME	1,779
TOTAL REVENUE	167,250
COST AND EXPENSES	
COST OF SALES	12,265
SELLING, GENERAL & ADMIN EXPENSES	172,808
DEPRECIATION/AMORTIZATION	-
TOTAL COST AND EXPENSES	185,073
NET INCOME (LOSS)	(17,823)

ICED CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE MONTH ENDING JANUARY 31, 2017

NET CASH FLOW FROM OPERATING ACTIVITIES	(96,863)
NET CASH FLOW FROM INVESTING ACTIVITIES	-
NET CASH FLOW FROM FINANCING ACTIVITIES	16,917
NET INCREASE/(DECREASE) IN CASH	(79,946)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	387,680
CASH AND EQUIVALENTS AS OF 01/31/17	307,734

EXHIBIT F

STATE SPECIFIC ADDENDA AND GUARANTEE OF PERFORMANCE WHERE APPLICABLE

CALIFORNIA
ILLINOIS
INDIANA
MINNESOTA

GUARANTEE OF PERFORMANCE

STATE OF CALIFORNIA

For value received, International Center for Entrepreneurial Development, Inc. (ICED) located at 12715 Telge Road, Cypress, Texas 77429, absolutely and unconditionally guarantees the performance by franchisor, Kwik Kopy Business Centers, Inc., located at 12715 Telge Road, Cypress, Texas 77429 of all the obligations of, Kwik Kopy Business Centers, Inc. under its franchise registration in the State of California dated ~~May 29, 2015~~April 19, 2016 and of its Franchise Agreement. This guarantee continues until all start-up and initial obligations of Kwik Kopy Business Centers, Inc. as detailed in the franchise registration and franchise agreement are satisfied. International Center for Entrepreneurial Development, Inc. (ICED) is not discharged from liability if a claim arising from the start-up or initial obligation by the franchisee against Kwik Kopy Business Centers, Inc. remains outstanding. Notice of acceptance is waived. Notice of default on the part of Franchisor is not waived. This guaranty is binding on guarantor and on its successors and assignees. International Center for Entrepreneurial Development, Inc. (ICED) executes this guarantee at Cypress, Texas on the ________ day of _________________________, 20______.

ATTEST:

INTERNATIONAL CENTER FOR ENTREPRENEURIAL DEVELOPMENT, INC.

____

By____________________________________
Stephen B. Hammerstein,
Chairman and CEO

EXHIBIT P

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, International Center for Entrepreneurial Development, Inc. (ICED), a Delaware corporation (the "Guarantor"), located at 12715 Telge Road, Cypress, Texas 77429, absolutely and unconditionally guarantees to assume the duties and obligations of Kwik Kopy Business Centers, Inc., located at 12715 Telge Road, Cypress, Texas 77429 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its ~~2016~~2017 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Cypress, Texas on the _______ day of ______________________, 20_____.

Guarantor:

INTERNATIONAL CENTER FOR
ENTREPRENEURIAL DEVELOPMENT, INC.

By: ______________________________________
Stephen B. Hammerstein,
Director

EXHIBIT Q

RECEIPT

RECEIPT

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

If Kwik Kopy Business Centers, Inc. offers you a franchise, Kwik Kopy Business Centers, Inc. must, under the FTC Franchise Rule, provide this Franchise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. *

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

Franchise seller: Kwik Kopy Business Centers, Inc.
Address: 12715 Telge Road, Cypress, Texas 77429
Telephone number: (888)454-7328

Date of Issuance: ~~March~~April 15, ~~2016~~2017

See Exhibit B for our registered agents authorized to receive service of process and the list of state effective dates.

I have received a Franchise Disclosure Document dated ~~March 1, 2016~~ April 15, 2017 that included the following Exhibits:

Exhibit A	Kwik Kopy Business Center Franchise Agreement
	A.1 Franchise Acceptance Letter
	A.2 Addendum to KKBC Franchise Agreement
Exhibit B	List of State Administrators and Agents for Service of Process
Exhibit C	Roster of Kwik Kopy Business Centers Franchise Owners
Exhibit D	Roster of Franchisees Having Left the Kwik Kopy Business Centers Systems
Exhibit E	Financial Statements of ICED
	Audited - Years Ended December 31, ~~2015~~2016, December 31, ~~2014~~2015, and December 31, ~~2013~~2014
	Unaudited – For the Period Ended January 31, ~~2016~~2017
Exhibit F	State Specific Addenda
Exhibit G	Flex-Financing Addendum
Exhibit H	New Center Purchase Affidavit
Exhibit I	Option for Assignment of Lease
Exhibit J	Compliance Form
Exhibit K	Certificate of Corporate Policy
Exhibit L	Electronic Funds Transfer Form
Exhibit M	Prepayment Agreement
Exhibit N	Transfer Addendum
Exhibit O	Spousal Restriction Agreement
Exhibit P	Guarantee of Performance
Exhibit Q	Receipt

Dated this ______ day of ____________________, 20____.

Signed: ______________________________

Print Name: ______________________________

Address: ____

RECEIPT

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

If Kwik Kopy Business Centers, Inc. offers you a franchise, Kwik Kopy Business Centers, Inc. must, under the FTC Franchise Rule, provide this Franchise Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. *

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

Franchise seller:	Kwik Kopy Business Centers, Inc.
Address:	12715 Telge Road, Cypress, Texas 77429
Telephone number:	(888)454-7328

Date of Issuance: ~~March 1, 2016~~April 15, 2017

See Exhibit B for our registered agents authorized to receive service of process and the list of state effective dates.

I have received a Franchise Disclosure Document dated ~~March 1, 2016~~ April 15, 2017 that included the following Exhibits:

Exhibit A	Kwik Kopy Business Center Franchise Agreement
	A.1 Franchise Acceptance Letter
	A.2 Addendum to KKBC Franchise Agreement
Exhibit B	List of State Administrators and Agents for Service of Process
Exhibit C	Roster of Kwik Kopy Business Centers Franchise Owners
Exhibit D	Roster of Franchisees Having Left the Kwik Kopy Business Centers Systems
Exhibit E	Financial Statements of ICED
	Audited - Years Ended December 31, ~~2015~~2016, December 31, ~~2014~~2015, and December 31, ~~2013~~2014
	Unaudited – For the Period Ended January 31, ~~2016~~2017
Exhibit F	State Specific Addenda
Exhibit G	Flex-Financing Addendum
Exhibit H	New Center Purchase Affidavit
Exhibit I	Option for Assignment of Lease
Exhibit J	Compliance Form
Exhibit K	Certificate of Corporate Policy
Exhibit L	Electronic Funds Transfer Form
Exhibit M	Prepayment Agreement
Exhibit N	Transfer Addendum
Exhibit O	Spousal Restriction Agreement
Exhibit P	Guarantee of Performance
Exhibit Q	Receipt

Dated this ______ day of _____________________, 20____.

Signed: ___________________________________

Print Name: ___________________________________

Address: ____