FRANCHISE DISCLOSURE DOCUMENT

PRISM, LLC
dba LeafSpring Schools
4551 Cox Road, Suite 310
Glen Allen, Virginia 23060
804-747-5900
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www.leafspringschool.com

We offer a franchise for a business using the "**LEAFSPRING SCHOOL**" service mark and trade name offering early childhood education services, including nursery school, pre-school, pre-school summer camps, private kindergarten, before and after-school recreation, summer school recreation, camps for school age children in the nature of arts, crafts, theater productions, computers, cooking, games, reading, technology, mathematics, engineering, science activities, and care for mildly ill (children too sick to attend school, but not required to be hospitalized) and special needs children, as well as related services and ancillary goods.

The total investment necessary to begin operation of a LeafSpring School franchise is $3,738,150 to $6,773,700. This includes $87,500 which must be paid to us and our affiliates. The total investment necessary if you sign a Development Agreement is $25,000 to $27,000, of which $25,000 is paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Vance Spilman at 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060, rsample@leafspringschool.com or (804) 747-5900.

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

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

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

Issuance Date: April 30, 2019

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AND DEVELOPMENT AGREEMENTS REQUIRE YOU TO LITIGATE WITH US ONLY IN VIRGINIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN VIRGINIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AND DEVELOPMENT AGREEMENTS STATE THAT VIRGINIA LAW GOVERNS THE AGREEMENTS. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. EACH SPOUSE OF THE FRANCHISE OWNERS, PARTNERS, MEMBERS, SHAREHOLDERS AND TRUSTEES MUST SIGN A PERSONAL GUARANTY MAKING THEM JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF YOU, YOUR SPOUSE AND YOUR OWNERS AT RISK.

4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $25,000 to $6,773,700. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2018, WHICH IS $134,718.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See next page for state registration effective dates.

STATE EFFECTIVE DATES PAGE

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin. This Disclosure Document is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws:

State	Effective Date
Indiana	
Maryland	
Virginia	

This disclosure document should not be used in California, Florida, Hawaii, Illinois, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Utah, Washington and Wisconsin. The effective date for all other states in which franchises may be offered is April 30, 2019.

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I. GENERAL RELEASE

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

In this Disclosure Document, "we," "us," and "our" mean PRISM, LLC, the Franchisor. "You" means the person, partnership or corporation or other entity that purchases the Franchise, and, where noted, includes your owners.

We are a limited liability company formed under Virginia law in June 1999. Our principal business address is 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060. PRISM, LLC does business under its corporate name and under the LeafSpring School name. We do not do business or intend to do business under any other name.

As of December 7, 2017, we changed the principal name and mark from "Rainbow Station" and we began to offer franchises for sale under a different trademark, the "LeafSpring School" name and marks. We do not offer any franchise other than as described in this disclosure document. From July 27, 1999 until October 20, 2017, we offered franchises under the name and marks of Rainbow Station. By the end of 2018, all "Rainbow Station" schools had converted to the name "LeafSpring School." We have not in the past and do not now operate a business of the type being franchised. We have not in the past and do not now engage in other business activities. We do not offer franchises in other lines of business.

See attached Exhibit D for a list of PRISM, LLC's agents for service of process and state administrators, if any.

Parent, Predecessors and Affiliates

We have no parent. We have no predecessor.

Rainbow Station, Incorporated ("RSI"), a corporation formed under Virginia law in September 1988, is our affiliate. RSI first opened its Rainbow Station business on December 18, 1989. RSI was converted to Rainbow Station, LLC ("RSL") in December 2015. RSL changed its name to LeafSpring, LLC ("LeafSpring") on December 7, 2017. LeafSpring's principal business address is 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060. Your franchise is modeled after the business owned and operated by LeafSpring. You will not conduct business directly with LeafSpring. LeafSpring does not now, and has never in the past sold franchises in any line of business, nor did its predecessors, RSI and RSL. LeafSpring owns and operates one preschool and does not conduct any other business.

Our affiliate, Rainbow Station International, LLC ("International"), a limited liability company formed under Virginia law in December 2012, operates company-owned schools and offers franchises for schools in the People's Republic of China through a joint-venture company, under the Rainbow Station name. International has not offered franchises in any other line of business. International's principal business address is 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060.

The Franchise

We sell franchises for the operation of LeafSpring Schools in the United States. LeafSpring Schools provide early childhood education services, including nursery school, pre-school, pre-school summer camps, private kindergarten, before and after-school recreation, summer school recreation, camps for school age children in the nature of arts, crafts, theater productions, computers, cooking, games, reading, technology, mathematics,

engineering, science activities, and care for mildly ill and special needs children, as well as related services and ancillary goods (each is a "School"). We offer curriculum-based learning using our proprietary curricula, PLAYWORKS and INSPIRED, for infants through private kindergarten as well as for school-aged children. Accreditation of all LeafSpring Schools is required through the National Association for the Education of Young Children and/or AdvancED. As noted above, we are offering franchises for Schools to use the "LeafSpring School" trade name and service mark and any other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we may designate in writing for use by School operating under the System (the "Marks").

If you and the area in which you are interested meet certain qualifications, you can buy the rights to develop one or more LeafSpring Schools under a Development Agreement (Exhibit A). You will sign the then-current franchise agreement we are offering to new franchisees for each school developed under the Development Agreement. If you are purchasing franchise rights to operate a LeafSpring School, you will sign the Franchise Agreement (Exhibit B).

You will operate your School in a defined territory.

Industry–Specific Regulations

The services and ancillary goods our Schools sell are well recognized by consumers and widely available from other sources. The market for our franchisee's services and ancillary goods is well developed. Our services and ancillary goods are sold to individuals and to businesses. Selling is not seasonal.

Other than licensing laws that apply to the operation of early education facilities and the licensing of nursing professionals generally, there are no regulations that are specific to the industry in which LeafSpring Schools operate. You should check the laws within your state to determine whether any state licensing laws or regulations are applicable.

Competition

There is competition for the services our Schools will sell. Local independent businesses compete with our franchisees as will regional, national or international chains.

ITEM 2

BUSINESS EXPERIENCE

Gail Johnson, RN, MS, Founder and Chairwoman

Gail Johnson has been our Chairwoman since June 2015. Ms. Johnson was our President and Chief Executive Officer from June 1999 until June 2015, and was also the President and Owner of our affiliate, LeafSpring (f/k/a RSL), from September 1989 until June 2015. Ms. Johnson has been the Chairwoman of LeafSpring since June 2015.

Vance H. Spilman, Chief Executive Officer

Vance Spilman has been our Chief Executive Officer since June 2015. He has also been Chief Executive Officer of LeafSpring (f/k/a RSL) since June 2015. Mr. Spilman was President and Chief Operating Officer of Sweet Frog Enterprises, LLC in Richmond, Virginia from July 2012 until May 2015.

R. Earl Johnson, Vice President

R. Earl Johnson has been our Vice President since June 2003.

Susan K. Bishop, Executive Vice President

Susan K. Bishop has been our Executive Vice President since March 2010.

John R. (Rick) Sample, Chief Financial Officer

Rick Sample has been our Chief Financial Officer since June 2016. He previously served as our Vice President of Franchise Sales from June 2015 until June 2016. Mr. Sample has also served as President of our affiliate, Rainbow Station International LLC, since March 2013.

Matthew Townes, Director of Design and Construction

Matthew Townes has been our Director of Design and Construction since January 2014.

Elizabeth Bodenheimer, Director of Quality Assurance

Elizabeth Bodenheimer became our Director of Quality Assurance in April 2013. She was the Director of LeafSpring's Three Chopt Preschool from 2005 until August 2014.

Meghan McMahon, Marketing Manager

Meghan McMahon has been our Marketing Manager since October 2017. Previously she provided strategic communications and public relations support at Virginia ABC in Richmond, Virginia from July 2017 through October 2017. She was a communications specialist at Arlington County, Virginia from March 2015 to June 2017. Before this, Ms. McMahon was a digital and public relations strategist with Ogilvy Public Relations in Washington, D.C., from October 2012 to March 2015.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Development Fee

If you sign a Development Agreement for one or more LeafSpring Schools, you must pay us a development fee in the amount of $25,000 for each school you commit to develop. We credit the pro rata portion of the development fee against the initial franchise fee for each School. The development fee is fully earned by us when paid, it is uniformly calculated for all developers, and it is not refundable.

Initial Franchise Fee

When you sign the Franchise Agreement, you will pay us an initial franchise fee in the amount of $87,500. The initial franchise fee is fully earned by us when paid, it is uniform for all franchisees (except as noted), and it is not refundable. If you sign a Development Agreement, we may reduce the initial franchise fee based upon the number of Schools you commit to develop. If you are a qualifying veteran or member of the U.S. Armed Forces, we will discount the initial franchise fee by 25%.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	The Royalty is: Opening Date through 3rd month of operation: 0% of Gross Sales; 4th month of operation through 12th month of operation: 3% of Gross Sales; remainder of term: 6% of Gross Sales.	Monthly, on or before the 20th day following the close of each calendar month	Currently, you must pay the Royalty by electronic funds transfer. See Note 1 for a definition of Gross Sales.

Type of Fee	Amount	Due Date	Remarks
Advertising Obligation	Up to 3% of Gross Sales to be divided among the Advertising Fund, regional funds or regional marketing cooperatives and local advertising; currently, 1%	See below for when amounts are due for Advertising Fund, regional funds or regional marketing cooperatives and local advertising	See Note 1 for definition of Gross Sales. If we establish an Advertising Fund you must contribute to the Advertising Fund such amounts that we prescribe periodically. We can increase the advertising obligation at any time but we will not increase by more than 0.5% in any 12 month period. We can change the allocation of the Advertising Obligation at any time. We have the right, in our sole discretion, to establish regional co-operatives in the geographic area that covers your School to which you will be required to contribute. We will have one vote for each School operated by us or our affiliates in the geographic area covered by a regional cooperative. Currently, we have no cooperatives. See Item 11 for more details
Advertising Fund	Currently, 0% of Gross Sales	When the Royalty is paid	
Cooperative[3]	Amount determined by the co-operative when established	As required by the co-operative	
Local Advertising[2]	Currently, ½ % of Gross Sales.	These amounts are not paid to us. Payments for local advertising are due when billed	
Additional Guidance - Per Diem Fee	$1,000 per day, plus travel and other costs	As we and you agree	At your request, we will furnish additional guidance and assistance and, in such a case, may charge the *per diem* fees.
Attorneys' Fees and Costs	Reasonable costs and expenses	On demand	In certain circumstances, if we incur attorneys' fees and costs, you must reimburse us for those amounts.
Auditing Costs	Actual Costs	Reimbursement of our actual auditing costs plus other related expenses	You must reimburse us for our auditing costs if we have to audit you because you fail to provide us with required reports on a timely basis.
Indemnification	All losses and expenses, Varies according to loss	On demand	You must indemnify us when certain of your actions or omissions result in loss to us.
Insurance - Reimbursement	One hundred ten percent (110%) of the costs and premiums paid by Franchisor	On demand	We may obtain insurance on your behalf if you fail to obtain the required insurance.
Interest	Lesser of three (3) percentage points above the Prime Rate, on the date payment was due, as reported in the *Wall Street Journal* on that date, or the maximum rate permitted by law	When underlying obligation is paid	Interest begins from the date any payment is due.
Late Fees	Between $50 and $500	When any payment, report or corrective action is late and when any corrective action required by us is not taken within the time we specify	The amount of the Late Fee is based on the frequency and type of default. The amounts and due dates are subject to change.

Type of Fee	Amount	Due Date	Remarks
NAECP Certification or other certification programs[2]	$300	Upon application for certification	Paid to National Academy of Early Childhood Programs ("NAECP") or other certification programs.
NSF Fee	$50	On demand	You must pay us an NSF fee if any payments from you that are required under the franchise agreement are returned to us or declined due to insufficient funds
Operations Manual Replacement Charge	$1 per page	When hard copy replacement pages are delivered to you	If your copy of the Operations Manual is lost, destroyed or significantly damaged and you request hard copy replacements from us, you will receive a replacement copy at our then-applicable charge.
Public Offering Fee	$5,000 or the higher of our reasonable costs and expenses of reviewing the proposed securities offering	On demand	
Refresher Training Fees	$1,000 per day to a maximum of 5 days per instance	As agreed	We may require you and/or your employees to attend periodic refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses.
Subsequent Franchise Agreement Fee	10% of the then current initial franchise fee	When you sign the subsequent franchise agreement	
Supplier Approval Fee	Actual Costs	On demand	You are responsible for any costs we incur, such as site visitation or product testing, while investigating your proposed new supplier.
Transfer / Assignment Fee – Franchise Agreement	10% of the then current initial franchise fee plus cost of training	When any request for a transfer or assignment is sent to us	You must pay this fee in connection with any transfer or change of ownership interests.
Transfer Fee – Development Agreement	$5,000 or the greater amount to reimburse us for costs	When any request for a transfer is sent to us	

1. As used in this Franchise Disclosure Document, the term "Gross Sales" means all revenue you derive from operating the School, including, but not limited to, all amounts you receive for services, merchandise or goods sold at or away from the School, and whether from cash, check or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the School.

2. All fees, except the fees for the NAECP Certification fees and the Local Advertising Requirement fees, are imposed by and are payable to us. The NAECP Certification fees are imposed by and are payable to the National Academy of Early Childhood Programs. The Local Advertising Requirement fees are imposed by us and are payable to independent vendors. Except in limited circumstances when we have offered existing

franchisees certain lower fees for additional schools opened, when signing new franchise agreements, or when our affiliate LeafSpring (f/k/a RSL) has sold schools to franchisees, all fees are uniformly imposed on franchisees acquiring franchises at the same time. All fees are non-refundable.

3. There are no purchasing or distribution cooperatives at this time, but we reserve the right to create such cooperatives in the future.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	One-Building Campus[2]	Two-Building Campus[3]	Method of Payment [4]	When Due	To Whom Payment Is Made
	Amount	Amount			
Initial Franchise Fee	$87,500	$87,500	Lump Sum	When you sign the Franchise Agreement	Us
Real Estate Purchase[5]	$475,000 - $645,000	$935,000 - $1,265,000	As Arranged	As Arranged	Real Estate Owner/Seller
Site Preparation[5]	$285,000 - $315,000	$522,500 - $577,500	As Arranged	As Arranged	Construction Contractors
Construction Soft Costs[5]	$237,500 - $262,500	$237,500 - $262,500	As Arranged	As Arranged	Construction Contractors
Building Construction[5]	$1,856,000 - $1,984,000	$2,900,000 - $3,100,000	As Arranged	As Arranged	Construction Contractors
Construction Contingency[5]	$218,650 - $236,950	$336,000 - $364,000	As Arranged	As Arranged	Construction Contractors
Playgrounds[5,6]	$135,000 - $185,000	$211,500 - $258,500	As Arranged	As Arranged	Approved Suppliers
Fixtures, Furnishings & Equipment[7]	$170,000 - $200,000	$237,500 - $262,500	As Arranged	As Arranged	Approved Suppliers
Loan Origination Fees[8]	$39,500 - $44,500	$58,000 - $64,200	As Arranged	As Arranged	Lender or Lessor
Signage	$7,000 - $10,000	$7,000 - $10,000	As Arranged	As Arranged	Approved Suppliers
Start-Up Marketing	$5,000 - $11,000	$5,000 - $11,000	As Arranged According to Methods of Operation	As Arranged According to Methods of Operation	Independent Advertising and Marketing Vendors
Information Technology[9]	$25,000 - $30,000	$27,000 - $30,000	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure[1]	One-Building Campus[2]	Two-Building Campus[3]	Method of Payment [4]	When Due	To Whom Payment Is Made
	Amount	Amount			
Insurance	$30,000 - $35,000	$33,000 - $38,000	Lump Sum Payment of First Year's Premium	Before Commencing Construction and Operations	Insurance Broker/Carrier
Professional Fees/Licenses	$9,000 - $11,000	$9,000 - $11,000	As Arranged	As Arranged	Accountants, Lawyers, Government Agencies
Training-Related Expenses	$3,000 - $7,000	$3,000 - $7,000	As Arranged	As Arranged	Travel and Lodging Vendors, Restaurants
Grand Opening Promotion	$5,000	$5,000	As Arranged According to Methods of Operation	As Arranged According to Methods of Operation	Independent Advertising and Marketing Vendors
Working Capital[10]	$150,000 - $250,000	$370,000 - $420,000	Terms Vary	During Construction and Upon Commencing Operations	Vendors/Supplier, Lender or Lessor
Total[11]	$3,738,150 - $4,319,450	$5,984,500 - $6,773,700			

YOUR ESTIMATED INITIAL INVESTMENT

(UNDER DEVELOPMENT AGREEMENT)

Type of Expenditure	Amount	Method of Payment[4]	When Due	To Whom Payment is to be Made
Development Fee	$25,000 for each School	Lump Sum	On execution of Development Agreement	Us
Professional Fees	$0 – $2,000	As Incurred	As Incurred	Lawyer; Accountant
TOTAL	$25,000 $27,000			

NOTES TO ITEM 7 TABLES ABOVE:

1. **General**. The ranges are based upon costs that vary from year to year and from region to region. For example, the cost of construction labor in the southeastern United States of America is less than the cost of construction labor in the northeastern United States of America. These ranges are also based upon bids for services and goods that might be less expensive from vendor to vendor. Therefore, most items have a range of cost.

2. **One-Building Campus**. The smaller campus option consists of one building of approximately 12,800 square feet on a site of approximately 2 acres.

3 **Two Building Campus**. The larger campus option consists of two connected buildings totaling approximately 20,000 square feet on a site of approximately 3-4 acres.

4. **Method of Payment / Refundability**. The initial franchise fee and the development fees, which are paid to us, are not refundable. Payments made to third parties may be refundable depending on the arrangement you make with the third party.

5. **Real Estate – Purchase & Build-Out**. These expenditures are the cost to purchase the real estate for your School and build the buildings in accordance with our specifications. If you enter into a build-to-suit arrangement with a third party and lease the school premises, your capital requirement will be less. You will not incur the expenditures for the real estate, site preparation, soft costs, building construction, construction contingency and a significant portion of the playground cost. While currently all schools are owned by our franchisees, we are engaged in discussions with build-to-suit vendors who could potentially provide future lease opportunities. We do not provide estimates for costs for leased properties because the amounts vary considerably. We do not make any representation that you will be able to secure such a lease arrangement

6 **Playgrounds**. This estimate is for playground equipment for the 4 playgrounds. The equipment consists of gross motor and fine motor units that provide a range of play value for children of various age groups.

7. **Fixtures, Furnishings, & Equipment**. Each School uses a variety of fixtures, furnishings and equipment in the classrooms, administrative areas, common areas, afterschool areas, playgrounds, e.g., tables, chairs, learning materials, wastebaskets, appliances, and buses.

8. **Loan Origination Fees**. This is an estimate of the amount of your loan origination costs if you finance the real estate purchase and construction for the School.

9. **Information Technology.** This estimate is for 20 computers with the software we require installed. The cost for each computer will vary greatly depending upon its use and function.

10. **Working Capital**. You will need additional funds during the initial three months the School is open and you may need additional capital after that period. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your LeafSpring School business. The amount of working capital required will depend on many factors such as the following: how diligently you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the services offered by LeafSpring Schools; competition; labor rates and the enrollment and sales levels achieved. The estimates include 3 months' debt service or premises lease payments.

11. **Total**. We relied on LeafSpring's (f/k/a RSL) 29 years of experience operating Schools (which have been operated under the "Rainbow Station" name until December 31, 2017) and on our 19 years of experience as a franchisor to compile these estimates. You should review the estimates carefully with a business advisor before deciding to purchase this franchise. We do not offer any financing directly or indirectly for any part of the initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use designers we designate or approve to design the exterior and interior of your School and your playground, and you must construct and equip your School in accordance with the plans prepared by that designer. Those plans will include our standard color scheme and specifications for fixtures, equipment and furnishings. All of your School's trade dress fixtures, equipment and furnishings and signs must be purchased from a supplier which we designate or approve. You will receive prototype plans which must be used as the basis for the design. All of your School's trade dress, fixtures, equipment and furnishings must be purchased from a supplier which we designate or approve.

We are not nor are we affiliated with any approved supplier and none of our officers owns an interest in any supplier. We issue our standards and specifications to franchisees through our Manuals. These standards and specifications may be modified periodically. We and our affiliates will not derive revenue or other material consideration from the required purchases, but we and our affiliates reserve the right to do so in the future. Approved suppliers and specifications are determined based on the current needs for operating the School. We evaluate approved suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have procedures for approving vendors and suppliers you recommend. It takes up to 30 days to evaluate new vendors or suppliers. If you want us to consider a new supplier, you must submit a Request for Change of Supplier Form. You are responsible for any costs we incur, such as site visitation or product testing, while investigating your proposed new supplier. We are not required to approve new suppliers.

You must purchase the software and software upgrades for the computerized, integrated retail operations system that you are required to use in your School from ProCare or another vendor we designate or approve. You must also purchase all of the computer equipment for the computerized integrated retail operations system from a vendor we designate or approve. Computer software and equipment are described in Item 11.

You must maintain such insurance coverage as we require from time to time. You must name us as an additional insured on all such policies and require the issuer to give us at least 10 days' notice of its decision to terminate or to change the coverage. We may change the policies or coverage which you must have at any time.

We do not have purchasing or distribution cooperatives, but we reserve the right to have them in the future. We may negotiate purchase arrangements with suppliers for the benefit of franchisees in the future, but we are not required to do so. Designated and approved suppliers do not make payments to us from your purchases but may do so in the future. We have an arrangement with a supplier of school supplies who offers franchisees a discount for purchasing the majority of their furniture, fixtures and equipment from it.

We estimate that your total initial required purchases will range between 90% and 95% of the cost of your initial purchases or leases. We estimate your required purchases for the operation of the School will range between 80% and 90% of your annual purchases or leases.

We do not provide other material benefits to you, i.e., special renewal privileges or additional franchises, based on your use of our designated or approved sources, products or services.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement or Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: Sections 8.C. & 8.D; Schedule F Development Agreement: 2.1 & 4.3	7 and 11
b. Pre-opening purchases/leases	Franchise Agreement: Sections 8.F., 8.H. & 8.I. Development Agreement: Not applicable	8 and 11
c. Site development and other pre-opening requirements	Franchise Agreement: Sections 8.D., 8.E., 8.F., 8.H. & 8.I. Development Agreement: Not applicable	6, 7, 8 and 11
d. Initial and ongoing training	Franchise Agreement: Sections 8.E. & 12 Development Agreement: Not applicable	11
e. Opening	Franchise Agreement: Section 8.F. Development Agreement: Not applicable	11
f. Fees	Franchise Agreement: Summary Pages, Sections 4, 5, 6, 12, & 15 Development Agreement: 3 & 7.3	5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Franchise Agreement: Sections 8.A., 8.D., 8.G., 8.H., 8.J., 8.K., 8.L., 8.P., 9.B., 10 & 13 Development Agreement: 2, 4, 5 & 6	11
h. Trademarks and proprietary information	Franchise Agreement: Sections 9 & 11 Development Agreement: 2, 6	13 and 14

Obligation	Section in Franchise Agreement or Development Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Franchise Agreement: Section 8.H. Development Agreement: 2.1, 2.3, & 6.2	8 and 16
j. Warranty and customer service requirements	Franchise Agreement: Sections 8.A & 8.H. Development Agreement: Not applicable	11
k. Territorial development and sales quotas	Franchise Agreement: Section 2 Development Agreement: 2.1	12
l. Ongoing product/service purchases	Franchise Agreement: Sections 8.H. & 8.I. Development Agreement: Not applicable	8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: Sections 8.D., 8.I. & 8.J Development Agreement: 2 & 4	11
n. Insurance	Franchise Agreement: Section 14 Development Agreement: 10.5	7 and 8
o. Advertising	Franchise Agreement: Sections 6, 7.D. & 9.B. Development Agreement: Not applicable	6 and 11
p. Indemnification	Franchise Agreement: Sections 20.D. & 20.E. Development Agreement: 10.4	NA
q. Owner's participation/management/staffing	Franchise Agreement: Sections 8.H., & 8.L. Development Agreement: 4 & 5	11 and 15
r. Records/reports	Franchise Agreement: Sections 13.A., 13.B. & 13.C. Development Agreement: Not applicable	6
s. Inspections/audits	Franchise Agreement: Sections 8.N., 13.E. & 13.F. Development Agreement: Not applicable	6 and 11
t. Transfer	Franchise Agreement: Section 15 Development Agreement: 7	17
u. Renewal	Franchise Agreement: Section 3.B Development Agreement: Not applicable	17
v. Post-termination obligations	Franchise Agreement: Section 17 Development Agreement: 8	17
w. Non-competition covenants	Franchise Agreement: Sections 18.A. & 18.C. Development Agreement: 6	17
x. Dispute resolution	Franchise Agreement: Sections 22.A. & 22.B. Development Agreement: 14	17

ITEM 10

FINANCING

We do not offer any direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

ITEM 11

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

Except as listed below, we are not required to provide you with any assistance:

Pre-Opening Obligations. Before you open your business, we will:

1. Grant you a franchise to operate a School within a non-exclusive Territory (Franchise Agreement Section 2.B.) or grant you development rights for a certain number of Schools within a non-exclusive Development Area (Development Agreement Section 2.1);

2. Provide standard specifications for grand opening marketing (Franchise Agreement Section 6.B.).

3. Provide you certain pre-opening consultation, support and assistance regarding certain matters, including site selection, lease negotiations, lease review, design and layout, prototype drawings, bank loan proposals, equipment, start-up inventory, fixtures, training, Manuals, and signage (Franchise Agreement Section 7.A.);

4. Provide you access to our Intranet site (Franchise Agreement Section 7.A.);

5. Provide our Manuals (Franchise Agreement Section 7.C.). The Manuals are confidential and remain our property. We also make the Manuals and updates available only online. The table of contents of our Manual is attached as Exhibit F and our Manuals contain 313 pages;

6. Furnish you with mandatory specifications and layouts for a LeafSpring School business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, color scheme and other suggestions. We may assist you in developing the School by recommending contractors (which may include us or our affiliates) and architects and otherwise furnishing information to assist you in developing the School in accordance with our specifications. We will review and comment on the plans you develop. (Franchise Agreement Section 8.D.);

7. Evaluate your choice of a location for your School. We do not generally own the premises and lease it to you; you will probably buy or lease the premises from a third party. We do not select the site for your School; we only accept site that you identify if we believe it meets our minimum site criteria. Our review of the site may include on site, demographic and other analysis. We may review, among other things, the general location and neighborhood, population demographics, zoning, traffic patterns, parking, overall interior and exterior size, and lease terms. We will accept or reject your proposed location within 30 days after you submit to us all information we require. If you do not begin operation of your School within 2 years after you sign the franchise agreement, we may terminate your franchise agreement and retain the initial franchise fee. (Development Agreement Section 4.3; Schedule E to Franchise Agreement, Site Selection Addendum);

8. If applicable, review your lease to determine if the provisions we require are included and, based upon that limited review, approve the lease (Franchise Agreement Section 8.C.); and

9. Provide an initial training program (Franchise Agreement Section 12.A.).

Post Opening Obligations. During the operation of your business, we will:

1. Once established, maintain the Advertising Fund. (Franchise Agreement Section 6.A.);

2. Provide seminars, consultation, advice, field visits and assistance on a continuing basis and at you request, as we deem advisable. (Franchise Agreement Section 7.B.);

3. Endeavor to develop new and improved products and services for use at your School. (Franchise Agreement Section 7.B.);

4. Share best practices relating to operating the School; provide assistance with conducting a market survey to check rates/pricing for your local area; provide administration, bookkeeping, accounting and inventory management practices; provide ongoing marketing programs; and communicate information about developments in the System. (Franchise Agreement Section 7.B.);

5. Provide a list of approved or designated equipment and supplies (including computer hardware and software) and approved suppliers. (Franchise Agreement Section 8.I.);

6. Make changes to the System and the Manuals in our sole discretion. (Franchise Agreement Sections 8.O and 10.C);

7. Provide additional training. (Franchise Agreement Section 12.B.);

8. During the first twelve (12) months from when you open, we may visit the School two (2) times, one (1) time in conjunction with your opening and one (1) time to provide guidance in developing and operating the School. Thereafter, we may visit the School one (1) time per year. (Franchise Agreement Section 12.B.);

9. Provide, as we deem necessary, additional guidance: telephone consultations, buying advisory services, ongoing marketing programs, newsletter services, meetings, research and development regarding methods of operation, national account development and other additional guidance. (Franchise Agreement Section 12.B.);

10. Upon your request, furnish additional guidance and assistance. (Franchise Agreement Section 12.B.);

11. Audit your books of account, as we deem necessary (Franchise Agreement Section 13.E.); and

12. Hire third parties for the purpose of evaluating your compliance with System standards. (Franchise Agreement Section 13.F.).

Typical Length of Time to Open

We estimate the length of time between the date you sign the Franchise Agreement and make the first payment to us for the School and the commencement of operations of the School is 18 months. Factors that may affect the time period include: your ability to obtain a lease or financing; building permits; compliance with zoning

and other local ordinances; weather conditions; and supply shortages or delayed purchases or installation of equipment, fixtures or signs. You must begin operation of your School within two years of the Effective Date.

If you sign a Development Agreement, you must begin operation of the Schools to be developed according to the Development Schedule. The intervals for opening individual Schools depend upon the negotiated Development Schedule. Failure to open the Schools in accordance with the Development Schedule may result in termination of the Development Agreement and franchise Agreements.

Advertising

Grand Opening

You must spend at least $5,000 for Grand Opening promotions during the period prior to opening through three (3) months after opening. We will provide standard specifications for Grand Opening promotions and you are responsible for developing the Grand Opening promotions, which must be submitted to us for approval.

Ongoing Advertising Obligation

You may be required to spend or contribute for ongoing promotion and advertising of the School the Advertising Fee, co-operative advertising contribution, and local advertising. Currently, the Advertising Obligation is 1% of Gross Sales. We can increase the Advertising Obligation to 3% of Gross Sales, however, we will not increase the Advertising Obligation by more than 0.5% in any consecutive 12 month period. We may re-allocate the Advertising Obligation among the Advertising Fund, co-operatives and local advertising.

Advertising Fund

If we determine that it is advantageous to do so, we may establish an Advertising Fund. When we establish the Advertising Fund, it shall be maintained and administered by us.

We will direct all marketing programs with sole discretion over the creative concepts, materials and media used in such programs and the placement of fund allocations thereof. You agree and acknowledge that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally, and that we undertake no obligation in administering the Fund to make expenditures for the School which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or other marketing activities. We use our internal marketing staff and outside resources to generate marketing materials that we anticipate would be used regionally or nationally.

All contributions of the Advertising Fund and any earnings shall be used exclusively to meet any and all costs of maintaining, administering, directing, and preparing advertising activities (including cost of preparing and conducting advertising campaigns in various media; marketing surveys and other public relations activities designed to promote the Marks and the System; employing advertising agencies; and providing promotional brochures and other marketing materials to Schools). All sums paid by you to the Advertising Fund and any earnings shall be maintained in an account separate from the other monies of ours, and shall not be used to defray any of our expenses, except for such reasonable administrative costs and overhead, as we may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs for franchisees and the System. The Advertising Fund earnings shall not otherwise inure to our benefit. We shall maintain separate bookkeeping accounts for the Advertising Fund. You shall contribute to the Advertising Fund the same way you pay Royalty Fees. For each Affiliate-owned business operating under the System, we shall make contributions to the Advertising Fund on the same basis as the assessments required of comparable Schools which opened at the same time.

It is anticipated that all contributions to and earnings of the Advertising Fund shall be expended for the purposes described during the taxable year, within which the contributions and earnings are received. If, however, excess amounts remain in the Advertising Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

We reserve the right to defer or reduce your contributions to the Advertising Fund and, upon 30 days' prior written notice, to reduce or suspend your payment of Advertising Fees to and suspend operations of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding 3-month period, and amounts required to be paid shall be added to amounts required to be expended pursuant to your local advertising plan.

The Advertising Fund is not and shall not be an asset of ours. An unaudited statement of the operations of the Advertising Fund shall be prepared annually and be made available to you.

Although the Advertising Fund is intended to be of indefinite duration, we maintain the right to terminate the Advertising Fund, to reduce required contributions, to authorize franchisees, for good reasons, to suspend contributions, or to remit a portion of the Advertising Fund to local or regional advertising programs to promote Schools, Marks and the System. If we enter into a settlement of claims with a franchisee which does not result in a collection of all Royalty Fees and Advertising Fund contributions which were due, we may allocate amounts collected as we deem appropriate. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for the purposes for which they were collected.

We will not use the Advertising Fund to solicit new franchise sales; but monies may be used to support our websites and related materials and those materials may include franchise sales references.

Marketing Cooperatives

We may establish regional marketing cooperatives ("Cooperatives"). If a Cooperative is established for a geographic area that covers your School, you must participate in that Cooperative. Cooperatives will be organized for the exclusive purpose of developing, administering and executing advertising programs for the benefit of the members of the Cooperative. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval. We have no plans to establish any Cooperatives.

Local Advertising

You must spend annually for local advertising 0.5% of Gross Sales. We may increase this amount from time to time. This amount is in addition to amounts expended for Grand Opening promotions.

You must implement and follow the standard advertising and marketing plans we provide, which may include templates for posters, postcards, letters, business cards and related materials. You may implement additional advertising, provided such advertising conforms to our standards and requirements. You must obtain our prior approval of all advertising and promotional plans and materials that you desire to use that have not been prepared or approved by us within the preceding twelve (12) month period. You may not use any plans or materials until they have been approved by us, and shall promptly discontinue use of any advertising or promotional plans or materials upon notice by us. Any plans or materials submitted to us for approval, which have not been approved in writing within thirty (30) days after our receipt, shall be deemed disapproved.

You may not advertise the School in conjunction with any other business.

Advertising Councils

We do not have advertising councils and we have no plans to establish any advertising councils.

You may implement additional advertising, provided such advertising conforms to our standards and requirements, as set forth in the Manuals, or as otherwise designated by us. You shall obtain our prior approval of all advertising and promotional plans and materials that you desire to use that have not been prepared or approved by us within the preceding 12-month period. You shall submit such unapproved plans or materials to us (by personal delivery or via certified mail/return receipt requested or overnight courier or via electronic mail). You shall use no such plans or materials until they have been approved by us, and shall promptly discontinue use of any advertising or promotional plans or materials upon notice by us. Any plans or materials submitted by you to us which have not been approved or disapproved in writing, within 30 days of receipt by us, shall be deemed disapproved. (Franchise Agreement Section 6.C.)

Computer Requirements

You must purchase approximately 20 computers (desktops, laptops, tablets) for the School, to be used for various purposes: classroom computers for children's use, computers for teachers' and parents' use and computers for administrative uses. The specifications for these computers are found in the Manuals. The operating system is the latest professional version of Microsoft's Windows operating system capable of supporting required software. The computers used for administrative purposes will have the proprietary ProCare software, or another vendor's software we designate or approve, installed. The cost of the computers, including the software described below, is estimated to be between $27,000 and $30,000.

You must upgrade or update the systems whenever we request that you do so; there is no contractual limitation on our right to require upgrades and updates. We have no obligation to provide maintenance, updating, upgrading or support for the computer systems. The annual cost of ProCare, or another vendor's software, maintenance, updating, upgrading or support contracts is estimated to be $1,020 to $2,400; you will incur other costs for maintenance, updating, upgrading or support of the computer system but we cannot provide an estimate because the costs vary considerably. We estimate that the cost to replace the computer systems would be $27,000 to $30,000.

We will have independent access to the information that will be generated or stored in any electronic cash register or computer system.

Training

You will receive the following training before you open your School:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Personnel	4	2	Richmond, VA, and at an operating School
Administration	14	4	Richmond, VA, and at an operating School

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Operations	30	10	Richmond, VA, and at an operating School
Marketing	6	2	Richmond, VA, and at an operating School
Customer Service/ Selling	6	2	Richmond, VA, and at an operating School
Total	**60**	**20**	

Our current instructors (Susan Bishop and Elizabeth Bodenheimer) have from 20 to 26 years of experience with us and from 15 to 42 years of experience with the various subjects to be taught. Additional instructors from our corporate team are trainers on the subjects specific to their expertise, and training on the job at our Richmond location is done by our on-site directors and administrative team. We will use our Manuals as the basis for instruction. The hours devoted to each subject may vary based on how quickly trainees grasp the material, their previous experience with the subject, and scheduling. We generally will develop training schedules at the beginning of each quarter for that quarter, and we intend to hold initial training about once per quarter, as needed.

We provide our initial training program to you, or if you are a corporation or partnership, your Principal Owner and up to 3 additional employees you select to enroll in the training program. Your Director may attend, and is encouraged to attend, the training as one of the 3 additional employees. Initial training consists of up to 10 working days of training at our training facilities or another location we select, depending on your past experience, and 5 days of training at your School. The attendees are required to complete the training to our satisfaction. You also are required to participate in all other activities required to operate the School.

We provide the initial training to up to four (4) trainees at no additional fee or other charge. You will be responsible for all expenses incurred including transportation, lodging, meals, and wages (if any) for your trainees while attending training.

If we determine that any trainee is unable to complete initial training to our satisfaction, we may terminate the Franchise Agreement and retain the initial franchise fee.

We may require you or your Principal Owner and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. We also may require you to pay us fees for our training your new employees hired after your School commences operations, if you so request.

ITEM 12

TERRITORY

Under the Franchise Agreement and Development Agreement, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own or from other channels of distribution or competitive brands that we control.

Franchise Agreement

Under the terms of the franchise agreement, we will grant you rights to operate a single School located within a Territory. The Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal or postal area definitions, and will have a minimum population of not less than 2,500 residential households. The Territory will be identified in Schedule A to the Franchise Agreement.

If you are in full compliance with the Franchise Agreement, we will not operate or grant a franchise to operate a LeafSpring School at a location within the Territory; however, we retain the following rights: (1) to own, acquire, establish and/or operate, and license others to establish and/or operate, any businesses other than a LeafSpring School at any location within or outside the Territory under other marks or other systems, and regardless of whether such businesses are the same, similar to or different from the LeafSpring School or may compete with Franchisee's School; (2) to sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any services or products which bear any trademarks, including the Marks, whether within or outside the Territory, and through any distribution channel or venue other than a LeafSpring School; (3) to own and/or operate an "on-site" corporate childcare program (a "Corporate On Site Program") for an entity or entities chosen by us in our sole discretion (the "Corporate Sponsors") located within the Territory at a corporation's grounds or off its grounds if it is the exclusive site to the corporation. If we do so, we will pay you five percent (5%) of the tuition that you can demonstrate that you lost from students who were actually enrolled and paying tuition at your School on the date of the opening of the Corporate On Site Program, as documented in your contemporaneous books and records, but who subsequently leave and enroll at the Corporate On Site Program, for as long as each previously enrolled student remains enrolled at the Corporate On Site Program; and (4) to be acquired by a third party that operates competing childcare systems or schools other than LeafSpring Schools within the Territory.

We and our affiliates reserve the right to offer services through any advertising media to consumers located anywhere, including within your Territory, using the LeafSpring School Mark. You are not restricted from soliciting consumers outside of your Territory. You have no right to relocate your School.

Development Agreement

If you sign a Development Agreement, we grant you a Development Area. We determine the Development Area before you sign the Development Agreement based on various market and economic factors such as market demographics, the penetration of LeafSpring Schools and similar businesses in the market, the availability of appropriate sites and growth trends in the market. The Development Area may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in Exhibit A to the Development Agreement.

You must develop Schools in the Development Area under the Development Schedule to the Development Agreement. You and we must agree to the Development Schedule before signing the Development Agreement.

If you are in compliance with the Development Agreement, during the term of the Development Agreement, we will not operate, or license others to operate, any new LeafSpring Schools in the Development Area. The grant of rights does not limit our right: to operate, and license others to operate, LeafSpring Schools in the Development Area that are open and operating or under development as of the date of the Development Agreement; to operate, and license others to operate, LeafSpring Schools at any location outside the Development Area; or after the

Development Agreement terminates or expires, operate, and license others to operate, LeafSpring Schools at any location within the Development Area. Nothing prohibits us from: (1) operating or licensing others to operate at any location any type of school other than LeafSpring Schools; (2) developing and owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; (3) purchasing, being purchased by, merging or combining with, businesses that directly compete with LeafSpring Schools; (4) selling or distributing, at retail or wholesale, directly or indirectly, or licensing others to sell or distribute, any services or products which bear any trademarks, including the Marks, whether within or outside the Development Area, and through any distribution channel or venue other than a LeafSpring School; and (5) owning and/or operating Corporate On Site Program within the Development Area at a corporation's grounds or off its grounds if it is the exclusive site to the corporation.

* * * *

Your rights in and to your Territory and Development Area are not dependent on you meeting a minimum sales quota. The configuration of your Territory and Development Area will not change except by mutual agreement of you and us. There are no other circumstances that permit us to modify your territorial rights.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the right to use the Marks, which we may change at any time. We own and have applied for the following registration with the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Trademark	Registration Number	Registration Date
LEAFSPRING SCHOOL (word mark)	5,471,562	May 15, 2018
LEAFSPRING SCHOOL (word mark)	5,602,204	November 6, 2018

We intend to file all required affidavits to maintain the registration.

Our affiliate, LeafSpring (f/k/a RSL), has common law rights to the following trademarks

Trademark	Registration Number	Date of Registration
THE GET WELL PLACE	Common Law Use	Not applicable
LeafSpring™ SCHOOL (design mark)	Common Law Use	Not applicable

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

Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court, nor is there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the trademarks in any manner that is material to the School. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the Marks.

Agreements

There are no currently effective agreements that significantly limit our rights to use or to license the use to franchisees of the Marks in any manner material to our franchisees.

You must follow our operating procedures when you use the marks. You cannot use the marks or any other mark as part of your corporate name. You may not use the marks in the event you wish to advertise the sale of your School.

Protection of Rights

We will control any administrative proceedings or litigation involving trademarks. We are not obligated, by the terms of the franchise agreement or otherwise, to protect your right to use the Marks, or are we obligated to protect you against claims of infringement or unfair competition arising out of your use of the Marks.

Superior Prior Rights or Infringing Uses

We have no actual knowledge of superior prior federal rights to the LeafSpring School name.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise.

We have not registered any copyrights with the United States Copyright Office (Library of Congress), but we or our affiliate own copyrights in the Manuals, our website, our marketing materials and other copyrightable items that are part of the System. These items will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these items only as we specify while operating the School and you must stop using them if we direct you to do so.

There are currently no effective determinations of the U.S. Copyright Office or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

Confidential Information

We have developed certain Confidential Information, including certain trade secrets, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a School. We will provide our Confidential Information to you during training, in the Manuals and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your School. You may only divulge Confidential Information to employees who must have access to it in order to operate the School. You are responsible for enforcing the confidentiality provisions as to your employees.

All ideas, concepts, techniques or materials concerning the School, whether or not protectable intellectual property, and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You or your Principal Owner and your Director must, at all times, faithfully, honestly and diligently perform and exert your best efforts in performing your obligations under the franchise agreement.

You must designate a Principal Owner, who will be directly responsible for causing you to fulfill your obligations and who will be the person with whom we communicate. The Principal Owner must have the authority to bind you in all financial and operational matters related to the School. The Principal Owner must own at least a 10% ownership and voting interest, successfully complete the initial training program and any additional training that we require, and sign a personal guaranty.

Each of your owners and their spouses must jointly and severally be bound by the terms of the franchise agreement and personally guarantee performance. There is no obligation to participate personally in the operation of the School.

It may be necessary for you to hire an on-premises manager for locations that you are unable to manage yourself. Such on-premises manager may be an employee. There is no required amount of equity interest that the on-premises manager must have in the School. Such on-premises manager will be required to successfully complete our initial training program at your expense and to our satisfaction. Such on-premises manager will also be required to participate in all other activities required to operate the School. Your on-premises manager will not acquire any interest in our confidential information, other than the right to utilize confidential information disclosed by us or you in operating the School during the term of the franchise agreement. Such on-premises manager will also be required to sign a non-competition agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those goods and services that we have approved. You must offer all goods and services that we designate as required.

We do not limit the customers with whom you may do business or the prices you may charge. We may change or modify, without limitations, the types, brands and standards of the goods and services which you must or are permitted to offer and sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.A	15 years.
b. Renewal or extension of the term	3.B	15 years.
c. Requirements for you to renew or extend	3.B	Written notice of election to renew 10 months prior to expiration; remodel; pay a subsequent franchise agreement fee of 10% of the then prevailing initial franchise fee; not be in default of any agreement relating to the School; satisfy monetary obligations; sign a general release (See Exhibit I); sign then-current franchise agreement (which may contain materially different terms and conditions than your original franchise agreement); attend training.
d. Termination by you	Not applicable	
e. Termination by us without cause	Not applicable	Not applicable.
f. Termination by us with cause	16	We may terminate if you default.
g. "Cause" defined – curable defaults	16.A	For defaults except those identified under h. below as non-curable, you have: 24 hours to cure health and safety violation; 10 days to cure monetary defaults; and 30 days to cure operational defaults.
h. "Cause" defined – non-curable defaults	16.B	Non-curable defaults: fails to construct, decorate, equip and maintain the School; fails to begin operating the School within 2 years after the Effective Date; makes a material misrepresentations; is conviction of felony; makes an unauthorized use of confidential information; abandons the business; makes an unauthorized assignment; engages in repeated defaults; underreports Gross Sales; becomes insolvent; operates business in violation of the law; misuses the Marks; loss of licenses or certifications needed to operate business; loss of right to use the premises; and failure to maintain insurance coverage required.
i. Your obligations on termination/nonrenewal	17	You agree to pay all amounts due to us, return the Manuals and information; stop operating School; remove all our Marks; cancel or assign to us telephone listings and email addresses.
j. Assignment of Contract by us	15.G	Agreement is assignable by us with no restrictions.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you - definition	Glossary	Includes transfer of contract, assets or change of ownership.
l. Our approval of transfer by you	15.A-D	We have the right to approve all transfers. Our consent will not be unreasonably withheld.
m. Conditions for our approval of transfer	15.A.1-10	You are in full compliance with the franchise agreement and all other agreements with us; you sign general release (See Exhibit I);; assignee/transferee meets our standards; purchase price does not negatively affect ability of School to operate; you pay a transfer fee; transferee signs new franchise agreement; transferee agrees to upgrade School to meet our current standards; transferee signs waiver and release regarding financial performance; transferee's principals and their spouses execute a personal guarantee; transferee satisfactorily completes initial training.
n. Our right of first refusal to acquire your business	15.E	If there is a bona fide written offer to purchase the assets used in the operation of the School or ownership interests in you, we have a right of first refusal.
o. Our option to purchase your business	17.F	We have an option to purchase the School upon expiration or termination.
p. Your death or disability	15.F	Transfer by will, trust or laws of intestate succession must be approved by us.
q. Non-competition covenants during the term of the franchise	18.B. and 18.C.	You cannot divert customers or business from LeafSpring Schools. You and all principals shall not own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any competing business.
r. Non-competition covenants after the franchise is terminated or expires	18.C	The covenants under q. apply for 24 months after termination, expiration or transfer within the Territory and 25 miles of the premises of any other LeafSpring School.
s. Modification of the agreement	22.J.	No modification to the franchise agreement is effective without written consent of both parties. We may unilaterally modify Manuals.
t. Integration/merger clause	22.J.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement requires you to waive reliance on the representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
v. Choice of forum	22.A	Subject to state law, federal and state courts where our principal office is now located.

Provision	Section in Franchise Agreement	Summary
w. Choice of law	22.A	Subject to state law, Virginia law applies. (See State Addenda to the franchise agreement.)

DEVELOPMENT AGREEMENT

Provision	Section in Development Agreement	Summary
a. Length of the term.	Section 8.1	The earlier of the date your development obligations are complete or the last day of the Development Schedule.
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	
f. Termination by us with "cause"	Section 8	We may terminate on your default.
g. "Cause" defined- curable defaults	Section 8.2.2	For any default except those specified as non-curable you have: 5 days to cure monetary default and 30 calendar days to cure non-monetary defaults
h. "Cause" defined-non-curable defaults	Section 8.2.1	Failure to satisfy development obligations or default under a franchise agreement.
i. Your obligations on termination/nonrenewal	Section 8.3	You will have no right to establish or operate any Schools for which a Franchise Agreement has not been signed; you must pay amounts due and our damages and enforcement costs; comply with confidentiality and non-competition covenants.
j. Assignment of contract by us	Section 7.1	We may transfer our rights without restriction.
k. "Transfer" by you -defined	Sections 7.2	Transfer of any interest in the Development Agreement or in you.
l. Our approval of transfer by you	Sections 7.2	We must consent and you must meet conditions before transferring.

Provision	Section in Development Agreement	Summary
m. Conditions for our approval of transfer	Section 7.3	Transferor must: pay all amounts due; not be in default; sign a general release (See Exhibit I); pay transfer fee; remain liable for pre-transfer obligations. Transferee must meet our then-current qualifications and enter into the then-current development agreement.
n. Our right of first refusal to acquire your business	Not applicable	
o. Our option to purchase your business	Not Applicable	
p. Death or disability of you	Section 7.5	Upon death or permanent disability of you or an owner, the person's interest must be transferred to someone we approve within 6 months.
q. Non-competition covenants during the term of the franchise	Section 6.2	You may not own, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to any competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.2	For 2 years after expiration, termination or transfer, you may not maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist or make loans to any Competitive Business within the Development Area, 5-mile radius of the Development Area or within a 5-mile radius of any then-existing LeafSpring School.
s. Modification of the agreement	Section 9	Changes require mutual agreement
t. Integration/merger clause	Section 9	Only the terms of the Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and development agreement may not be enforceable. Nothing in the Development Agreement requires you to waive reliance on the representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 14.1	Subject to state law, the state and federal courts having jurisdiction where our principal offices are now located
w. Choice of law	Section 14.2.	Subject to state law, Virginia law applies.

ITEM 18

PUBLIC FIGURES

There are no public figures involved in the sale of this franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATION

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

The results of the schools reflected in this Item 19 relate to the period when each was operating using the "Rainbow Station" name and trademark. As described in Item 1, as of December 7, 2017, we changed the principal name and mark of the System from "Rainbow Station" and began offering franchises under the "LeafSpring School" name and trademarks. By the end of 2018, all Rainbow Station schools converted to and were operating as LeafSpring Schools. The methods of operation for the School did not change.

Historical Statement of Annual Gross Sales

For the year ended December 31, 2018, we had system-wide Gross Sales of $29,705,362 for the franchised and affiliate-operated Schools. Gross Sales include all revenues derived from school operations and exclude (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the school. This represents average Gross Sales of $2,611,701 for the 11 Schools in operation for all of the 2018 calendar year and median Gross Sales of $2,457,671 for the 11 Schools in operation for all of the 2018 calendar year. For those 11 Schools, the highest Gross Sales amount was $4,012,073 and the lowest Gross Sales amount was $1,709,963. The one Affiliate-operated School (or 9%) exceeded the average 2018 revenue. Four franchised Schools (or 36%) met or exceeded the 2018 average revenue.

The average Gross Sales for the 10 franchised Schools in operation for all of the 2018 calendar year were $2,493,925 and median Gross Sales for the 10 franchised Schools in operation for all of the 2018 calendar year were $2,306,309. For those 10 franchised Schools, the highest Gross Sales amount was $4,012,073 and the lowest Gross Sales amount was $1,709,963.

One franchised school opened in March 2018 and, therefore, its Gross Sales information is not included in the results in the prior two paragraphs.

We obtained gross sales information for franchised Schools from royalty reporting data and information submitted by the franchisees; we did not audit the franchisees' unit level books and records but we expect the data to be accurate. For the affiliate-owned school, we obtained the data from internal accounting records that have been prepared in accordance with generally accepted accounting principles but the information has not been audited. Item 20 includes a geographic distribution of our Schools. Eight of the eleven Schools included had been open for at least 36 months.

The tables below set forth the annual gross revenue, payroll, and select operating expenses (using cash basis accounting) for the calendar year 2018 for six Rainbow Station franchised Schools. We excluded (a) two franchised

Schools because they did not operate under the current, large two-building campus prototype and (b) three franchised Schools because they had not been open for at least 36 months. The information was provided by the franchisees and has not been audited by us or an independent third party. The six franchised Schools included in the charts below are operated under a two-legal-entity structure where one entity owns the site/building ("site entity") and then leases the site to the other entity that operates the school ("operating entity"). The franchisee owns both entities in each case.

The tables below show the "EBITDAR" margin (an acronym for Earnings Before Interest, Taxes, Depreciation, Amortization and Rent). EBITDAR is a financial measure commonly used to illustrate the cash resources available to a business owner for debt service if financing was secured to purchase the site and build the business premises or for the payment of rent, if the business premises are leased from another entity. Payroll represents staff payroll and benefits and excludes owner's compensation. Operations includes royalty fees of 6% of Gross Sales for 5 schools and royalty fees of 5% of Gross Sales for 1 school. We have also listed rent expense and operating income. The tables provide the relationship of the data expressed as a percentage of gross sales for each School.

[See tables on next page.]

Historical Financial Performance for Select Franchised Schools for the period January 1, 2018 to December 31, 2018

	School 1		School 2		School 3		School 4		School 5		School 6	
2018	Dollars	% Revenues	Dollars	% Revenues	Dollars	% Revenues	Dollars	% Revenues	Dollars	% Revenues	Dollars	% Revenues
Revenues	$4,012,073	100%	$3,281,074	100%	$2,595,504	100%	$2,511,692	100%	$2,121,292	100%	$1,970,903	100%
Payroll	1,497,400	37%	1,285,509	39%	1,139,954	44%	1,116,084	44%	1,134,915	54%	998,109	51%
Operations	1,328,164	33%	1,042,365	32%	571,007	22%	619,962	25%	483,277	23%	456,094	23%
Expenses	$2,825,564	70%	$2,327,874	71%	$1,710,960	66%	$1,736,045	69%	$1,618,192	76%	$1,454,203	74%
EBITDAR	$1,186,509	30%	$953,200	29%	$884,544	34%	$775,647	31%	$503,100	24%	$516,699	26%
Rent	$375,328	9%	$478,470	15%	$659,800	25%	$600,000	24%	$432,000	20%	$429,500	22%
Operating Income	$811,181	20%	$474,730	14%	$224,744	9%	$175,647	7%	$71,100	3%	$87,199	4%

Average and Median information for 6 Schools Presented Above

	Average (Mean) of 6		Median	
2018	Dollars	% Revenues	Dollars	% Revenues
Revenues	$2,748,756	100%	$2,553,598	100%
Payroll	$1,195,328	43%	1,167,641	46%
Operations	$750,145	27%	595,484	23%
Expenses	$1,945,473	71%	1,763,125	69%
EBITDAR	$803,283	29%	$830,096	33%
Rent	$495,850	18%	$455,235	18%
Operating Income	$307,434	11%	$200,196	8%

Profit & Loss Statement for Affiliate Operated School

The following page includes the actual school-level profit and loss statement of the Three Chopt location that our affiliate, LeafSpring (f/k/a RSL) operated for the entire 2018 calendar year. This information was prepared on an accrual basis. These school-level operating results were included in the annual income tax returns of LeafSpring.

The Three Chopt School has been open for more than 17 years and operates on real property owned by an entity which in turn is owned by the same individuals who are majority owners of LeafSpring. Rent charges cover only the landlord's mortgage payments and taxes. Thus, rental expense is likely to be lower than the rental expense a new franchisee would pay, and you should carefully review the anticipated rental expense in your target market. Because of the seniority of the faculty, labor costs at the Three Chopt School might be higher than what a franchisee would need to pay to recruit a new faculty. Taxes and other expenses will vary by location. Competition and local market conditions will affect fees charged by each school. From 2017 to 2018, total revenues increased by 2.7%, net income increased by 1.4% and net operating cash flow increased by 1.8%.

This School is located in Richmond, Virginia and is the current prototype for our franchised Schools. Occupancy at the Three Chopt School was: 2016 - 96%, 2017 – 96%, and 2018 – 96%. Occupancy is defined as the number of Full-Time Equivalent (FTE) students who occupy a School at any time, divided by the total possible number of students who could occupy a School at all times. Because some students attend School for only parts of a week, the number of registered students at any time might be greater than the FTEs.

We and LeafSpring have common ownership, and the Three Chopt School paid the standard royalty of 6% of Gross Sales in 2018. It was not required to spend 0.5% of its Gross Sales on local advertising. The P&L shows what the School's cash flow would be if it did spend 0.5% on local advertising, as well as the impact of the "Depreciation" accounting entry on the School's cash flow. Actual local advertising expenses are reflected in both the Business Promotion and Administrative expense entries. The Administrative expense entry also reflects bad debt write-offs. Caution: you may not collect 100% of the fees that you bill.

[See P&L statement on next page.]

LeafSpring, LLC - Three Chopt School

Profit & Loss

January through December 2018

Ordinary Income/Expense	
Income	
40100 · TUITION REVENUE	$3,823,287
50000 · GET WELL PLACE REVENUE	51,914
52000 · OTHER REVENUE	134,157
56000 · DISCOUNTS	(219,898)
Total Income	3,789,460
Cost of Goods Sold	
61000 · PAYROLL	1,667,286
62000 · STAFF DEVELOPMENT	33,826
63000 · FOOD	135,020
63100 · PAPER	16,031
63200 · VEHICLE EXPENSES	18,688
63300 · CLC/PeeWee EXPENSE	9,963
63400 · ART/PROGRAMS	3,863
64000 · NURSERY	18,103
67600 · PRESCHOOL	24,179
67800 · VILLAGE/AFTERSCHOOL EXPENSES	75,972
68000 · GET WELL PLACE EXPENSES	3,497
Total COGS	2,006,429
Gross Profit	1,783,031
Expense	
70000 · BUSINESS PROMOTION	24,035
71000 · ADMINISTRATIVE	110,338
72000 · PROFESSIONAL	62,502
75000 · RENT	248,609
75200 · BUILDING AND GROUNDS	182,609
76000 · DEPRECIATION & AMORTIZATION	31,475
77000 · INTEREST	2,681
78000 · INSURANCE	40,316
79000 · TAXES AND LICENSES	38,158
Total Expense	740,723
Net Income	$1,042,309
Add Back: Depreciation	31,475
	1,073,784
Subtract: 0.5% Advertising Fee	(18,947)
Subtract: Royalty	(224,323)
Net Cash Flow	$830,513

Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Written substantiation for the financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Vance Spilman, 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060, 804-747-5900, the Federal Trade Commission and any appropriate state regulatory agencies.

ITEM 20

OUTLETS

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

System-Wide Domestic Outlet Summary
For Years 2016 to 2018

OUTLET TYPE	YEAR	OUTLETS AT START OF YEAR	OUTLETS AT END OF YEAR	NET CHANGE
Franchised	2016	8	10	+2
	2017	10	11	+1
	2018	11	11	0
Company-Owned	2016	2	1	-1
	2017	1	1	0
	2018	1	1	0
Total Outlets	**2016**	**10**	**11**	**+1**
	2017	**11**	**12**	**+1**
	2018	**12**	**12**	**0**

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners
(Other than Franchisor or an Affiliate)
For Years 2016 to 2018

STATE	YEAR	NUMBER OF TRANSFERS
All states	2016	0
	2017	0
	2018	0
Totals	**2016**	**0**
	2017	**0**
	2018	**0**

TABLE NO. 3

Status of Franchised Outlets
For Years 2016 to 2018

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINA-TIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
IN	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
NC	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
TX	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
VA	2016	4	2	0	0	0	0	6
	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	1	5
Totals	**2016**	**8**	**2**	**0**	**0**	**0**	**0**	**10**
	2017	**10**	**1**	**0**	**0**	**0**	**0**	**11**
	2018	**11**	**1**	**0**	**1**	**0**	**0**	**11**

TABLE NO. 4

Status of Company-Owned Outlets
For Years 2016 to 2018

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS RE-ACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF YEAR(1)
VA	2016	2	0	0	0	1	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
Totals	**2016**	**2**	**0**	**0**	**0**	**1**	**1**
	2017	**1**	**0**	**0**	**0**	**0**	**1**
	2018	**1**	**0**	**0**	**0**	**0**	**1**

NOTES:

(1) The company-owned outlet is operated by LeafSpring, formerly RSL.
(2) States not listed in Tables 2, 3 and 4 had no activity. Tables 3 and 4 list the last activity that occurred during the relevant calendar year.
(3) Information for 2016, 2017 and 2018 is as of our fiscal year end which is December 31.
(4) As described in Item 1, as of December 7, 2017, we changed the principal name and mark of the System from "Rainbow Station" and began offering franchises under the "LeafSpring School" name and trademark. As such, the Schools reflected in this Item 20 relate to periods when each was operating using the "Rainbow Station" name and Marks.

TABLE NO. 5

Projected Openings as of December 31, 2018 (for 2019)

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPEN	PROJECTED NEW FRANCHISED OUTLETS	PROJECTED NEW COMPANY-OWNED OUTLETS
NC	1	0	0
TX	2	0	0
TOTALS	**3**	**0**	**0**

Exhibit H includes a list of the franchised locations as of December 31, 2018, including the franchisee name, unit address, and telephone numbers of each franchised School.

In 2018, one franchise agreement was cancelled. Detailed information about the franchisee is listed in Exhibit H. Other than this one cancellation, no other franchisee had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the one-year period ending December 31, 2018 or had not communicated with us within ten weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Purchase of Previously-Owned Franchise

If you are purchasing a previously owned School, we will provide you additional information on the previously owned School in an addendum to this Disclosure Document.

Confidentiality Clauses

None of our franchisees has signed a confidentiality clause during our last 3 fiscal years.

Trademark-Specific Franchisee Organizations

We have not created, sponsored, or endorsed any trademark-specific franchisee organizations nor have we received a request from an independent franchisee association to be identified in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited financial statements as of our fiscal years ended December 31, 2016, December 31, 2017 and December 31, 2018 (Our fiscal year end is December 31).

ITEM 22

CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Exhibit A:	Development Agreement
Exhibit B:	Franchise Agreement
Exhibit E:	Compliance Questionnaire
Exhibit G:	State Addenda
Exhibit I:	General Release

ITEM 23

RECEIPTS

Attached as the last 2 pages of this disclosure document are duplicate Receipts. Please sign and date each Receipt as of the date you received this disclosure document. Keep one for your records and return the other one to us.

LEAFSPRING SCHOOLS

EXHIBIT A

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

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D - FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

LEAFSPRING SCHOOLS DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is entered into by and between **PRISM, LLC,** a _____ limited liability company (**"we"**, **"us"**, or **"Franchisor"**) and _____, a _____ [insert type of organization and delete these brackets] formed in _____ [insert state and delete these brackets] (**"you"** or **"Developer"**) as of the Effective Date (as indicated on the signature page of this Agreement).

BACKGROUND

A. We and our affiliates have developed a system relating to the establishment and operation of LeafSpring Schools under our System and using our Marks.

B. The distinguishing characteristics of the System include special techniques for early childhood education services, including nursery school, pre-school, pre-school summer camps, private kindergarten, before and after-school recreation, summer school recreation, camps for school age children in the nature of arts, crafts, theater productions, computers, cooking, games, reading, technology, mathematics, engineering, science activities, and care for mildly ill and special needs children, as well as distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The Marks include our trademark, service mark and trade name LEAFSPRING SCHOOL, and certain other trademarks, service marks, product configurations, slogans, logos, designs, emblems, trade dress and other indicia of origin that we own and we authorize LeafSpring Schools to use in their operation. The Marks may be modified, supplemented, replaced or discontinued from time to time.

D. You desire to be granted the opportunity, and we desire to grant to you the right, to develop a specified number of LeafSpring Schools (collectively, the "**Franchised Schools**" and individually, a "**Franchised School**") within a specified geographic area. We previously offered franchises for schools using the trademark "Rainbow Station" and our System. The System and Franchised Schools will include franchises operating under the "Rainbow Station" trademark until such businesses change to the "LeafSpring School" marks.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and they agree as follows:

1 DEFINITIONS

The terms defined in the "Background" section and this Section 1 have the meanings set forth in those Sections. Other capitalized terms used in this Agreement are defined where they appear within the text of the Agreement.

1.1 **"Development Principal"** means the individual whose role is defined in Section 5.5 and who is identified in Exhibit B.

1.2 **"Competing Business"** means any business that operates a facility that provides the supervision or education of children or that provides services including day care, nursery school, pre-school, kindergarten, before and after school, summer school and camp supervised recreations or education services. Other LeafSpring Schools are not Competing Businesses.

1.3 **"Controlled Affiliate**" means any corporation, limited liability company or other entity of which you or one or more of your owners owns more than fifty percent (50%) of the total authorized ownership interests, as long as you or such owner(s) have the right to control the entity's management and policies.

1.4 **"Effective Date"** means the date entered in the space so designated on the signature page of this Agreement, which is the date that we counter-sign this Agreement.

2 GRANT

2.1 Development Rights. We hereby grant to you (and/or any of your approved Controlled Affiliates), subject to the terms and conditions set forth in this Agreement, the right to develop Franchised Schools at specific locations to be designated in separate Franchise Agreements pursuant to the schedule set forth in Exhibit A to this Agreement (the "**Development Schedule**"). Each Franchised School developed pursuant to this Agreement shall be located within the area designated on Exhibit A (the "**Development Area**"). This Agreement is not a franchise agreement. It does not give you the right to operate any Franchised School or to use the Marks or the System. This Agreement only gives you the opportunity to enter into Franchise Agreements for the operation of Franchised Schools at locations in the Development Area approved by us.

2.2 Limited Exclusivity. During the term of this Agreement, we will not operate, or license others to operate, any new LeafSpring Schools in the Development Area, provided that you are in compliance with the terms of this Agreement and any other agreements with us and our affiliates and you are current on all obligations due to us and our affiliates. This Section 2.2 does not prohibit us and our affiliates, from: (1) operating, and licensing others to operate, LeafSpring Schools in the Development Area that are open and operating or under development as of the Effective Date; (2) operating, and licensing others to operate, LeafSpring Schools at any location outside the Development Area; (3) after this Agreement terminates or expires, operating, and licensing others to operate, LeafSpring Schools at any location within the Development Area. You acknowledge that the development rights granted under this Agreement are non-exclusive and that, except as expressly provided in this Section 2.2, you have no exclusive territorial rights, protected territory or other right to exclude, control or impose conditions on the location or development of other or future LeafSpring Schools under the Marks or other business activities of us or any related party.

2.3 Reservation of Rights. Nothing in this Agreement prohibits us from, among other things: (1) operating or licensing others to operate at any location, during or after the term of this Agreement, any type of school other than LeafSpring Schools; (2) developing and owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; (3) purchasing, being purchased by, merging or combining with, businesses that directly compete with LeafSpring Schools; (4) selling or distributing any services or products which bear any trademarks, whether within or outside the Development Area, and through any distribution channel or venue other than a LeafSpring School; and (5) owning and/or operating an "on-site" corporate childcare program (a "Corporate On Site Program") for an entity or entities chosen by us in our sole discretion (the "Corporate Sponsors") located within the Development Area at a corporation's grounds or off its grounds if it is the exclusive site to the corporation. We reserve all rights to use and license the System and the Marks other than those expressly granted under this Agreement

2.4 No Subfranchising Rights. This Agreement does not give you any right to franchise or subfranchise others to operate LeafSpring Schools. Only you (and/or your Controlled Affiliates) may develop, open, and operate the Franchised Schools contemplated by this Agreement and only pursuant to signed Franchise Agreements. Although you may reference your rights and obligations under this

Agreement in discussions with landlords, employees, and others with whom you may deal in connection with the Franchised Schools, this Agreement does not grant you any rights to use, or authorize others to use, the Marks or the System. Your right to use the Marks and the System arises only under the Franchise Agreements. We or our affiliates own all rights to the Marks, and your use of the Marks in any way, other than pursuant to signed Franchise Agreements, is an infringement of our (and our affiliates') rights and a breach of this Agreement.

2.5 Forms of Agreement. You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees and developers that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and our affiliates and other franchisees or developers may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

2.6 Best Efforts. You agree that you will at all times faithfully, honestly and diligently perform your obligations under this Agreement, that you will continuously exert your best efforts to develop and establish the Franchised Schools and that you will not engage in any other business or activity that may conflict with your obligations under this Agreement, except the operation of other LeafSpring Schools or other schools operated by you that are franchised by us or our affiliates.

3 FEES

3.1 Development Fee. Simultaneously with signing this Agreement, you must pay us the amount set forth on Exhibit A which is Twenty-Five Thousand Dollars ($25,000) per School (the "**Development Fee**"). The Development Fee is fully earned by us when this Agreement is signed and is non-refundable, even if you fail to develop the Franchised Schools according to the Development Schedule.

3.2 Initial Franchise Fees. The schedule of initial franchise fees that you will pay under the Current Franchise Agreement and subsequent Franchise Agreements are set forth on Exhibit A. We will credit the pro rata portion of the Development Fee applicable to the School against the initial franchise fee. You and your Controlled Affiliates must pay the initial franchise fee when you or they sign the Franchise Agreement for the respective Franchised Schools.

4 DEVELOPMENT SCHEDULE

4.1 Development Schedule. To maintain your rights under this Agreement, you (and/or your Controlled Affiliates) must timely comply with all deadlines and other requirements set forth in the Development Schedule.

4.2 Franchise Agreements. You or a Controlled Affiliate will operate each Franchised School under a separate Franchise Agreement (and related documents) with us. The Franchise Agreement (and related documents) that you or your Controlled Affiliate will sign for each Franchised School will be our then current form of franchise agreement and related documents, including, without limitation, personal guarantees, except that the initial franchise fee for each Franchised School will be the initial franchise fee set forth in Exhibit A.

4.3 Site Selection. Before executing any binding letter of intent, lease, purchase agreement or other document by which you would commit to occupy or acquire a location for a Franchised School to be developed under this Agreement, you must obtain our approval of the site in accordance with the site selection procedures as set forth in the Franchise Agreement or otherwise, execute and deliver to us

copies of our then-current standard form of Franchise Agreement with respect to such Franchised School, pay the initial franchise fee to us in accordance with the terms of such Franchise Agreement, and we must countersign such Franchise Agreement.

5 YOUR ORGANIZATION AND MANAGEMENT

5.1 Your Organization

5.1.1 If you are a legal entity such as a corporation, a limited liability company or a partnership, you make the following representations and warranties: (1) you are duly organized and validly existing under the laws of the state of your formation; (2) you are qualified to do business in the state or states in which Development Area and Franchised Schools are or will be located; (3) execution of this Agreement and the development and operation of the Franchised Schools are permitted by your governing documents; and (4) unless waived in writing by us, your governing documents provide that your activities are limited exclusively to the development and operation of LeafSpring Schools.

5.1.2 If you are an individual, or a partnership comprised solely of individuals, you make the following representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer to a business entity, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and breach of, each and every provision of this Agreement.

5.2 Ownership Interests and Continuity Group. If you are a business entity, all interests in you are owned as set forth in attached Exhibit B. You must comply with Section 7 prior to any change in ownership interests and must sign addenda to Exhibit B as changes occur in order to ensure the information contained in Exhibit B is true, accurate and complete at all times. Exhibit B also lists those persons who comprise your "**Continuity Group**." If you are a corporation, the Continuity Group shall at all times own at least fifty-one percent (51%) of your voting securities; if you are a limited liability company, the Continuity Group shall at all times own at least fifty-one percent (51%) of your membership interests; and if you are any other type of business entity, the Continuity Group shall at all times have at least a fifty-one percent (51%) interest in the operating profits and losses and hold at least fifty-one percent (51%) of your ownership interests.

5.3 Governing Documents. If you are an entity, you must deliver to us, true, complete and signed copies of all governing documents. When any governing document is modified or changed, you must provide copies to us. You must maintain a stop-transfer instruction on the records of any ownership interests, such as: "Any assignment or transfer of this interest is subject to the restrictions imposed on assignment by the Franchise Agreement(s) to which the entity is a party."

5.4 Guarantee of Performance

5.4.1 All owners, officers, directors, managers and each of their spouses, if applicable, shall jointly and severally personally guarantee your payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the attached Guarantee, Indemnification and Acknowledgement ("**Guarantee**"). We reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guarantee. We reserve the right to require any guarantor to provide personal financial statements to us from time to time.

5.4.2 With respect to your owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the Guarantee.

5.5 Development Principal. You must designate one of your owners as your Development Principal who will be the person with whom we communicate and whom will have the authority to bind you with respect to all financial, operational and legal matters related to the development of the Franchised Schools and this Agreement. The Development Principal must be a member of your Continuity Group and must own at least a 10% interest in you. You must designate a replacement within thirty (30) days after your Development Principal ceases to qualify as a Development Principal. The Development Principal must sign the Guarantee.

6 COVENANTS

6.1 Confidentiality

6.1.1 You acknowledge and agree that: (1) we own all right, title and interest in and to the System; (2) the System includes trade secrets and confidential and proprietary information and know-how that gives us a competitive advantage; (3) we have taken all measures appropriate to protect the trade secrets and the confidentiality of the proprietary information and know-how of the System; (4) all material or other information now or hereafter provided or disclosed to you regarding the System is disclosed in confidence; (5) you have no right to disclose any part of the System to anyone who is not your employee; (6) you will disclose to your employees only those parts of the System that an employee needs to know; (7) you will have a system in place to ensure that your employees keep confidential our trade secrets and confidential and proprietary information, and, if requested by us, you shall obtain from those of your employees designated by us an executed confidentiality and non-disclosure agreement in the form prescribed by us; (8) by entering into this Agreement, you do not acquire any ownership interest in the System; and (9) your use or duplication of the System or any part of the System in any other business, or disclosure of any part of the System to others for use or duplication in any other business, would constitute an unfair method of competition, for which we would be entitled to all legal and equitable remedies, including injunctive relief, without posting a bond.

6.1.2 You shall not, during the term of this Agreement or at any time thereafter, communicate or disclose any trade secrets or confidential or proprietary information or know-how of the System to any unauthorized person, or do or perform, directly or indirectly, any other acts injurious or prejudicial to any of the Marks or the System. Any and all information, knowledge, know-how and techniques, including all drawings, materials, specifications, techniques and other data that we or our affiliates designate as confidential shall be deemed confidential for purposes of this Agreement.

6.2 Restrictions On Competition

6.2.1 You acknowledge and agree that: (1) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and other confidential information from us and/or our affiliates regarding the development, operation, and other techniques owned by us and our affiliates relating to LeafSpring Schools; (2) the know-how regarding the System and the opportunities, associations and experience acquired by you pursuant to this Agreement are of substantial value; (3) in developing the System, we and our affiliates have made substantial investments of time, effort, and money; (4) we would be unable adequately to protect the System and its trade secrets and confidential and proprietary information against unauthorized use or disclosure and would be unable adequately to encourage a free exchange of ideas and information among operators of LeafSpring Schools if franchisees

were permitted to engage in the activities described in this Section 6.2 or to hold interests in the businesses described in this Section 6.2; (5) all schools offering similar educational or recreational services are substantial and direct competitors of the System; and (6) the restrictions on your right to hold interests in, or perform services for, the businesses described in this Section 6.2 will not unduly limit your activities.

6.2.2 You covenant and agree that, except as we otherwise approve in writing, during the term of this Agreement, and for a continuous period of two (2) years following the expiration, transfer or termination of this Agreement, you will not, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or legal entity:

6.2.2.1 Own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, lease property to or have any interest in, either directly or indirectly, any "**Competing Business**". During the term of this Agreement, there is no geographical limitation on this restriction. Following the expiration, transfer or termination of this Agreement, this restriction shall apply to any business located within the Development Area, a five (5) mile radius around the Development Area, or a five (5) mile radius of any then-existing LeafSpring School or then-existing "Rainbow Station" school business; or

6.2.2.2 Divert or attempt to divert any present or prospective business or customer to any Competing Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

6.3 Exception for Publicly Traded Stock. The restrictions contained in Section 6.2 will not apply to ownership by you of less than five percent (5%) beneficial interest in the equity securities of any publicly-held corporation.

6.4 Owners and Employees. Your owner(s) identified in Exhibit B that sign the Guarantee attached to this Agreement as Exhibit C will agree to be bound personally by the provisions of Section 6, provided that, as to them, the time period in Section 6.2.2.1 will run from the expiration, termination, or transfer of this Agreement or from the termination of the individual's relationship with you, whichever occurs first. You must obtain signed agreements similar in substance to this Section 6 (including agreements applicable upon termination of a person's relationship with you) from any: (1) individual who attends our training program; and (2) your officers, directors, and owners. Each agreement required by this Section 6.4 must be in a form we approve and specifically identify us as a third party beneficiary with the independent right to enforce the agreement.

6.5 Enforcement

6.5.1 We have the right, in our sole discretion, to reduce the scope of any restriction in Section 6.2 by giving you written notice and you agree to comply with any covenant so modified, which shall be fully enforceable notwithstanding the provisions of Section 9.

6.5.2 You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 6.

6.5.3 You acknowledge that your violation of the terms of this Section 6 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of this Section 6. Injunctive relief will be in addition to any other remedies we may have.

6.5.4 If you or any other person bound by this Section 6 fails or refuses to abide by any of the foregoing restrictions on competition, and we obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached restriction will continue in effect for a period ending two (2) years after the date the person begins to comply with the order enforcing the restriction.

7 TRANSFER

7.1 By Us. We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

7.2 By You. You acknowledge that the rights and duties set forth in this Agreement are personal to you and that we have granted these rights in reliance on your business skill, financial capacity, and personal character (or, if you are a business entity, on the business skill, financial capacity, and personal character of your owners and management). Accordingly, neither you nor any immediate or remote successor to any interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you, will sell, assign, transfer, convey, pledge, encumber or give away any direct or indirect interest in this Agreement, or in you without our prior written consent, which will not be unreasonably withheld; provided that it will always be reasonable for us to refuse to consent if we intend to develop LeafSpring Schools in the Development Area. You must notify us in writing of any proposed transfer at least thirty (30) days before the transfer is to take place, and must provide all information and documentation relating to the proposed transfer that we reasonably request.

7.3 Conditions of Our Consent. The proposed transferor may complete the transfer after obtaining our written consent as required under Section 7.2. We may withhold our consent on any reasonable grounds, or may give our consent subject to reasonable conditions, which may include, but are not limited to, the following:

7.3.1 That all of your accrued monetary obligations to us and our affiliates (whether arising under this Agreement, any Franchise Agreement or otherwise) and all other outstanding obligations related to the Franchised Schools have been satisfied or, in our reasonable judgment, adequately provided for. We reserve the right to require that a reasonable sum of money be placed in escrow to ensure that all of these obligations are satisfied;

7.3.2 That you are not then in material default of any provision of this Agreement, any Franchise Agreement or any other agreement between you and us or our affiliates, are in good standing as a developer with us and our affiliates;

7.3.3 That the sales price shall not be so high, in our reasonable judgment, as to jeopardize the ability of the transferee to develop the remaining Franchised Schools and meet financial obligations to us, third party suppliers and creditors. Our decision with respect to a proposed transfer shall not create any liability on the part of us: (1) to the transferee, if we approve the transfer and the transferee experiences financial difficulties; or (2) to the transferor or the proposed transferee, if we reject the transfer pursuant to this Section 7 or for other legitimate business purposes. We, without any liability to the transferor or the proposed transferee, have the right, in our sole discretion, to communicate and counsel with the transferor, you, and the proposed transferee regarding any aspect of the proposed

transfer. If you do not plan to transfer this Agreement and all operating Franchised Schools, we may refuse to approve the transfer;

7.3.4 That the transferor executes a general release, in a form satisfactory to us, of any and all claims against us, our affiliates and their respective past, present, and future officers, directors, shareholders, and employees, in their corporate and individual capacities;

7.3.5 That the transferee (and if the transferee is an entity, such owners of a beneficial interest in the transferee as we may request) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement; or, at our option, enter into our then current form of Development Agreement; and, if the transferor guaranteed your obligations under this Agreement, that the transferee guarantee the performance of all such obligations in writing in a form satisfactory to us;

7.3.6 If the transferee is an existing developer or franchisee of schools under agreements with us, that the transferee is not in default under its agreements with us, its landlords, lenders and its suppliers, has a good record of customer service and compliance with our operating standards and has executed a general release in our favor;

7.3.7 That the transferee demonstrates to our satisfaction that he or she meets (or, if the transferee is an entity, that its owners and management team meet) our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to fulfill your obligations under this Agreement in a timely manner;

7.3.8 That the transferor pays a transfer fee in the amount of Five Thousand Dollars ($5,000) or such greater amount as is required to reimburse us for our reasonable expenses associated with reviewing the application for transfer including legal and accounting fees;

7.3.9 That the transferee (if an entity, the Development Principal) and any employees of the transferee who have not previously completed a training program approved by us complete any training programs then in effect for new franchisees at a cost of Five Thousand Dollars ($5,000).

7.4 Transfers to an Entity Wholly Owned by You. If desire to transfer this Agreement to an entity wholly owned by you, the requirements of Sections 7.2 and 7.3 shall apply to such a transfer. Our consent also will be conditioned on the following: (1) the entity must be newly organized; (2) prior to the transfer, we must receive a copy of the documents specified in Section 5 and the transferee shall comply with the remaining provisions of Section 5; and (3) you must own all ownership interests in the newly formed entity or, if you are owned by more than one individual, each person shall have the same proportionate ownership interest in the entity as prior to the transfer.

7.5 Death, Incapacity or Bankruptcy. If you or any owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event for consent to transfer the person's interest. The transfer will be subject to the provisions of Sections 7.2 and 7.3. "**Incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 7, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and

conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 7.5 within six (6) months after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 8.

7.6 Nonconforming Transfers Void. Any purported assignment or transfer that is not in compliance with this Section 7 will be null and void and will constitute a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure pursuant to Section 8. Our consent to a transfer will not constitute a waiver of any claims we may have against the transferor, nor will it be deemed a waiver of our right to demand exact compliance by the transferor, transferee or you with any of the terms of this Agreement.

8 TERM AND TERMINATION

8.1 Term. The term of this Agreement begins on the Effective Date and expires on the earlier of the day the last Franchised School opens for business or the last opening deadline in the Development Schedule, unless earlier terminated as hereinafter provided. There is no renewal term for this Agreement.

8.2 Termination.

8.2.1 We may automatically (without opportunity to cure) terminate this Agreement and your right to develop the Franchised Schools within the Development Area (other than those Franchised Schools for which we and you (or your Controlled Affiliates) already have signed Franchise Agreements) at any time, effective upon delivery to you of written notice of termination, if: You fail to satisfy your development obligations under the Development Schedule or any other obligation under this Agreement, which defaults you have no right to cure; Any breach or event of default occurs under the any Franchise Agreement between us and you (or your Controlled Affiliates) which permits us to terminate such agreement, regardless of whether we in fact terminate the agreement; or Any Franchise Agreement between us and you (or your Controlled Affiliates) is terminated by us in compliance with its terms.

8.2.2 For any defaults not listed in Section 8.2.1, after your receipt of a notice of default from us, you will have thirty (30) days to cure operational defaults and five (5) days to cure monetary defaults.

8.3 Effect of Expiration or Termination. Upon expiration or termination of this Agreement (regardless of the reason for termination):

8.3.1 Any and all rights granted to you hereunder will immediately terminate; however, you will not be relieved of any of your obligations, debts or liabilities under this Agreement, including without limitation any debts, obligations or liabilities which have accrued before such termination.

8.3.2 You will have no further rights to develop and open LeafSpring Schools in the Development Area, except that you and your Controlled Affiliates may develop and open any Franchised School for which you or your Controlled Affiliates have executed a Franchise Agreement prior to the date of expiration or termination of this Agreement and continue to operate Franchised Schools that are open and operating as of the date this Agreement expires or terminates.

8.3.3 We and our affiliates have the right to operate, and authorize others to operate, LeafSpring Schools, the physical premises of which are located within the Development Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire

within the Development Area without any restrictions whatsoever, subject only to your (and/or your Controlled Affiliate's) rights under any existing Franchise Agreement.

8.3.4 We will retain the unapplied Development Fee.

9 ENTIRE AGREEMENT

The parties acknowledge that each element of this Agreement is essential and material and that, except as otherwise provided in this Agreement, the parties shall deal with each other in good faith. This Agreement and the attachments to this Agreement, constitute the entire, full and complete agreement between the parties concerning your rights, and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Agreement other than those set forth in this Agreement and in the attachments. No obligations or duties that contradict or are inconsistent with the express terms of this Agreement may be implied into this Agreement. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representation made in our Franchise Disclosure Document that we provided to you.

10 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 Notify Us of Lawsuits. You must notify us in writing immediately of the commencement of any investigation, inquiry, action, suit or proceeding against you or of the issuance of any subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation, reputation or financial condition of any Franchised School or the rights granted to you under this Agreement.

10.2 No Fiduciary Relationship. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as agent, legal representative, partner, subsidiary, joint venturer or employee of ours or our affiliates. Neither this Agreement nor any course of conduct is intended nor may be construed to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. You shall have no right or power to, and shall not, bind or obligate us or our affiliates in any way or manner, nor represent that you have any right to do so. You shall not issue any press releases without our prior written approval.

10.3 Independent Contractor. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Franchised Schools, subject only to the conditions and covenants established by this Agreement. The sole relationship between you and us is a commercial, arms' length business relationship, and, except as provided in Section 10.4, there are no third party beneficiaries to this Agreement. Your business is, and shall be kept, totally separate and apart from any that may be operated by us. In all public records, in relationships with other persons, and on letterheads and business forms, you shall indicate that you are solely a developer of Prism, LLC. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Franchised Shops are developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of any Franchised Shop violates any law, ordinance or regulation. You are the only party that is in day-to-day control of the development activities under this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that fact.

10.4 Indemnification. Except as expressly prohibited by state law, you, your owners and all guarantors of your obligations under this Agreement shall, at all times, indemnify, defend (with counsel reasonably acceptable to us) and hold harmless (to the fullest extent permitted by law) us and our affiliates, and their respective successors, assigns, past and present stockholders, directors, officers, employees, agents and representatives (collectively, "**Indemnitees**") from and against all "**losses and expenses**" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation, inquiry (formal or informal), judgment or appeal thereof by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with your activities under this Agreement. You promptly shall give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against you and, upon request, shall furnish us with copies of any documents from such matters as we may request.

At your expense and risk, we may elect to assume (but under no circumstances will we be obligated to undertake), the defense and/or settlement of any action, suit, proceeding, claim, demand, investigation, inquiry, judgment or appeal thereof subject to this Section 10.4. Such an undertaking shall, in no manner or form, diminish your obligation to indemnify and hold harmless us and Indemnitees. We shall not be obligated to seek recoveries from third parties or otherwise mitigate losses. As used in this Section 10.4, the phrase "**losses and expenses"** shall include, but not be limited to: all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; lost profits; reasonable attorneys' fees; expert witness fees; court costs; settlement amounts; judgments; compensation for damages to our reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

10.5 Insurance. You are responsible for all loss or damage arising from or related to your acquisition, development and operation of each Franchised School, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage or expense whatsoever occurring in connection with the acquisition, development and/or operation of each Franchised School. You shall maintain in full force and effect throughout the Development Term that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with your activities under this Agreement, which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by us. We, and any individual or entity with an insurable interest designated by us, shall be an additional insured in such policies to the extent each has an insurable interest. Each policy must include the requirements and restrictions we require.

11 WAIVER AND APPROVALS

11.1 Waivers. No failure by us to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition, and no custom practice of the parties at variance with the terms, shall constitute a waiver of our right to demand exact compliance with any such terms. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants, affect or impair our right to exercise same; nor shall such constitute a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

11.2 Approvals. Whenever this Agreement requires our prior approval, consent or acceptance, you shall make a timely written request to us therefor, and any approval, consent or acceptance received, in order to be effective and binding upon us, must be obtained in writing and be signed by one of our authorized officers.

12 NOTICES

No notice, demand, request or other communication to the parties shall be binding upon the parties unless the notice is in writing, refers specifically to this Agreement and is addressed the notice addresses set forth on the signature page. Any party may designate a new address for notices by giving written notice of the new address pursuant to this Section. Notices shall be effective upon receipt (or first refusal of delivery) and may be: **(1)** delivered personally; **(2)** transmitted by facsimile or electronic mail with electronic confirmation of receipt; **(3)** mailed in the United States mail, postage prepaid, certified mail, return receipt requested; or **(4)** mailed via overnight courier.

13 FORCE MAJEURE

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. As used in this Agreement, the term "**Force Majeure**" means any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party and any other cause not within the control of the party affected thereby. Your inability to obtain financing (regardless of the reason) shall not constitute Force Majeure.

14 ENFORCEMENT

14.1 Choice of Law. This Agreement and any dispute, claim or controversy arising out of, or relating to, the rights and obligations of the parties under this Agreement and any other dispute, claim or controversy between the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to conflicts of laws principles. Nothing in this Section is intended, or shall be deemed, to make any Virginia law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable.

14.2 Choice of Venue. You shall file any suit against us for any claims only in the federal or state court having jurisdiction where our principal offices are located at the time suit is filed. We may file any suit against you for any claims in the federal or state court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where the Development Area or any Franchised Shop is or was located or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

14.3 Injunction and Specific Performance. We shall be entitled without bond to the entry of temporary and permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement.

14.4 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with

respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

14.5 Reimbursement of Costs and Expenses. The prevailing party in any litigation shall be entitled to reimbursement of costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us. The amount of these costs and expenses will be determined by the judge.

14.6 Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

14.7 **Waiver of Punitive Damages and Jury Trial. To the fullest extent permitted by law, the parties waive any right to, or claim for, any punitive or exemplary damages against the other party. The parties also agree that, in the event of a dispute between them, the party making a claim will be limited to recovery of actual damages, if any. In addition, the parties irrevocably waive trial by jury in any action, proceeding, and/or counterclaim brought by either party.**

15 MISCELLANEOUS

15.1 Development Training. If required by us, you must attend any required development training.

15.2 Severability and Substitution of Valid Provisions. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required, or the taking of some other action not required, the prior notice or other action required by such law or rule shall be substituted for the notice of requirements in this Agreement.

15.3 Binding Effect. This Agreement is binding upon the parties and their respective heirs, assigns and successors in interest. Any promises made outside of the Disclosure Document and this Agreement may not be enforceable.

15.4 Headings. The headings of the sections and paragraphs are for convenience only and do not define, limit or construe the contents of those sections or paragraphs.

15.5 Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

15.6 Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original. This agreement may be executed using any electronic means that is legally binding.

15.7 Time. Time is of the essence of this Agreement for each provision in which time is a factor. Whenever this Agreement refers to a period of days or months, the first day or month to be counted shall be the day or month of the designated action, event or notice. Days shall be measured by calendar days, except that if the last day of a period is a Saturday, Sunday or national holiday, the period automatically shall be extended to the next day that is not a Saturday, Sunday or national holiday.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates noted below.

PRISM, LLC

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

Notice Address: _____
_____
Email: _____
Fax: _____

EFFECTIVE DATE: _____

DEVELOPER:
[insert entity name of developer]

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

Notice Address: _____
_____
Email: _____
Fax: _____

If Developer is one or more individuals:

_____
(Print Name)_____
Date: _____
Notice Address: _____
_____
Email: _____
Fax: _____

(Print Name) _____
Date: _____
Notice Address: _____
_____
Email: _____
Fax: _____

EXHIBIT A

TO THE LEAFSPRING SCHOOLS DEVELOPMENT AGREEMENT

1. **Developer**: _____

2. **Development Fee**: _____

3. **Development Area**: _____
_____

4. **Development Schedule**: You currently operate _____ (____) LeafSpring Schools in the Development Area ("**Existing Schools**"). You agree to sign Franchise Agreements for and open an additional _____ (____) Franchised Schools within the Development Area ("**New Schools**") according to the following schedule:

Number of Schools	Site Acceptance Deadline	Opening Deadline	Cumulative Minimum Number Of Existing and New Schools To Be Open and Operating No Later Than the Opening Deadline

5. Initial Franchise Fees. The initial franchise fee under the Franchise Agreement for each Franchised School shall be: [TBD]

DEVELOPER: _____

By: _____

Print name: _____

Title: _____

Date: _____

EXHIBIT B TO LEAFSPRING SCHOOLS DEVELOPMENT AGREEMENT

OWNERSHIP INTERESTS

Corporate Developer. If Developer is a corporation, the number of authorized shares of Developer that have been issued is _____ and the name, address, number of shares owned (legally or beneficially) and office held by each shareholder is as follows:

Name	Address	No. of Shares	Office Held

Limited Liability Company Developer. If Developer is a limited liability company, the name, address and percentage interest of each member is as follows:

Name	Address	Percentage Interest

Other Business Entity Developer. If Developer is some other business entity, the type of business entity and the name, address and ownership interest (including for a limited partnership, whether a general or limited partner) of each owner is as follows:

Type of Business Entity: _____

Name	Address	Ownership Interest

Continuity Group. Developer's Continuity Group shall be comprised of the following persons: _____

_____

Development Principal. Developer's Development Principal is: _____

DEVELOPER: _____

By: _____

Print name: _____

Title: _____

Date: _____

EXHIBIT C TO LEAFSPRING SCHOOLS DEVELOPMENT AGREEMENT

GUARANTEE AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the LeafSpring School Development Agreement dated as of _____ ("**Agreement**") by Prism, LLC ("**Franchisor**"), entered into with _____ ("**Developer**"), the undersigned ("**Guarantors**"), each of whom is an officer, director, manager or owner, or the spouse thereof, hereby personally and unconditionally agree as follows:

1. Guarantee To Be Bound By Certain Obligations. Guarantors hereby personally and unconditionally guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that each will be personally bound by the covenants and restrictions contained in Section 6 (Covenants) of the Agreement.

2. Guarantee and Assumption of Developer's Obligations. Guarantors hereby: (1) guarantee to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement or at law or in equity, that Developer and any assignee of Developer's interest under the Agreement shall: (a) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) punctually pay all other monies owed to Franchisor and/or its affiliates; (2) agree to be personally bound by each and every provision in the Agreement, including, without limitation, the provisions of Sections 6 (Covenants) and Section 10.4 (Indemnification); and (3) agree to be personally liable for the breach of each and every provision in the Agreement.

3. General Terms and Conditions. The following general terms and conditions shall apply to this Guarantee:

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right s/he may have to require that an action be brought against Developer or any other person as a condition of liability; (5) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the execution of and performance under this Guarantee by the undersigned; (6) any law or statute which requires that Franchisor make demand upon, assert claims against or collect from Developer or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Developer or any others prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guarantee; (7) any and all other notices and legal or equitable defenses to which he may be entitled; and (8) any and all right to have any legal action under this Guarantee decided by a jury.

Each of the undersigned consents and agrees that: (1) her/his direct and immediate liability under this Guarantee shall be joint and several; (2) s/he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Agreement, any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the

Agreement and for so long thereafter as there are monies or obligations owing from Developer to Franchisor or its affiliates under the Agreement; and (5) monies received from any source by Franchisor for application toward payment of the obligations under the Agreement and under this Guarantee may be applied in any manner or order deemed appropriate by Franchisor. In addition, if any of the undersigned ceases to be a member or an owner, an officer or director of Developer, that person (and his spouse, if the spouse is also a guarantor) agrees that the obligations under this Guarantee shall continue to remain in force and effect unless Franchisor in its sole discretion, in writing, releases those person(s) from this Guarantee. Notwithstanding the provisions of the previous sentence, unless prohibited by applicable law, the obligations contained in Section 6.2 (Restrictions on Competition) of the Agreement shall remain in force and effect for a period of two (2) years after any such release by Franchisor. A release by Franchisor of any of the undersigned shall not affect the obligations of any other Guarantor.

If Franchisor brings an action to enforce this Guarantee in a judicial proceeding or arbitration, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of or subsequent to the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury. If Franchisor utilizes legal counsel (including in-house counsel employed by Franchisor or its affiliates) in connection with any failure by the undersigned to comply with this Guarantee, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

If any of the following events occur, a default ("**Default**") under this Guarantee shall exist: (1) failure of timely payment or performance of the obligations under this Guarantee; (2) breach of any agreement or representation contained or referred to in this Guarantee; (3) the dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any of the undersigned; and/or (4) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any of the undersigned. If a Default occurs, the obligations of the undersigned shall be due immediately and payable without notice. Upon the death of one of the undersigned, the estate shall be bound by this Guarantee for all obligations existing at the time of death. The obligations of the surviving Guarantors shall continue in full force and effect.

This Guarantee shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Franchisor's interests in and rights under this Guarantee are freely assignable, in whole or in part, by Franchisor. Any assignment shall not release the undersigned from this Guarantee.

Section 14 (Enforcement) of the Agreement is incorporated herein by reference and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement.

[*Signatures follow on next page*.]

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal.

GUARANTORS:

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

Date: _____ _____

Print Name: _____

Address: _____

LEAFSPRING SCHOOLS

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

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LEAFSPRING SCHOOLS

FRANCHISE AGREEMENT

SUMMARY PAGES

These pages (the "Summary Pages") summarize certain terms of the attached Franchise Agreement. The Summary Pages are an integral part of the attached Franchise Agreement and are hereby incorporated therein.

1. FRANCHISEE:

Name:
Address:

Telephone:
Facsimile:
Email Address:

2. TYPE OF BUSINESS ENTITY (if applicable):

3. FRANCHISEE'S SCHOOL ADDRESS:
("Accepted Location")

4. FRANCHISEE'S PRINCIPAL OWNER:

Name:
Address:

Telephone:
Cell Phone:
Facsimile:
Email Address:

5. PRINCIPALS:

EQUITY OWNERS:	OWNERSHIP %	OFFICE HELD	HOME ADDRESS
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

6. INITIAL FRANCHISE FEE:

$87,500, due upon your execution of Franchise Agreement

7. SUBSEQUENT FRANCHISE AGREEMENT FEE:

10% of the then current initial franchise fee for similar franchises

8. SUBSEQUENT FRANCHISE AGREEMENT TERM:

9. EFFECTIVE DATE:

10. OPENING DATE:

11. EXPIRATION DATE:

12. FEES — DATE DUE

(a) Grand Opening Promotion Amount: — According to marketing plan

$5,000

(b) Royalty: — 20th day of the following month

Opening to 3 months after opening:
0% of Gross Sales per month.
4 to 12 months after Opening Date:
3% of Gross Sales per month.
From 12 months after Opening Date, onward:
6% of Gross Sales per month.

(c) Refresher Training Fees:

$1,000 per day to a maximum of 5 days per instance

(d) Per Diem Fee:

$1,000 per day, plus travel and other costs

(e) Transfer Fee: — When application for transfer is submitted

10% of the then current initial franchise fee plus Franchisor's cost and expenses in providing training

(f) Public Offering Fee: — When billed $5,000 or any the higher of Franchisor's reasonable costs and expenses of reviewing the proposed securities offering

(g) Assignment Fee: — When application to transfer is submitted

10% of the then current initial franchise fee

(h)	Local Advertising Expenditures: Not less than 1/2% of Gross Sales	Annually
(i)	Advertising Obligation:	Up to 3% of Gross Sales.
	Advertising Fee: Currently 0%	If Advertising Fund is established, 20th day of the following month
	Co-op Advertising: Currently 0%	If a Co-op is established, as and when directed by the Co-op
	Local Marketing: 1% of Gross Sales	According to the advertising plan created by Franchisee and reviewed by Franchisor
(j)	NSF Fee: $50	On demand
(k)	Late Fees: Between $50 and $500, for each payment, report or corrective action that is late as described in the Manuals	When any payment, report or corrective action is late
(l)	Interest Charges: Lesser of three (3) percentage points above the Prime Rate, on the date payment was due, as reported in the WALL STREET JOURNAL on that date, or the maximum rate permitted by law	On demand for late payments

13. METHOD OF PAYMENT:

Franchisee shall pay all amounts due and owing to Franchisor in the manner specified below:

Electronic Funds Transfer

14. REPORT DUE DATES:

Weekly Enrollment and Tuition Revenue Report	Every Friday afternoon by 3:00 p.m. EST/EDT
Monthly Franchise Report ("MFR")	15th day of each month
Monthly Quality Assurance ("QA") Meeting Report	By 25th of following month
Annual Budget	By December 1 of preceding year
Annual Financial Statements	By April 1 of following year

Compiled or Reviewed by a Third-Party CPA Firm	
Tax Returns	120 days after Franchisee's fiscal year end; provided that if Franchisee files an extension, Franchisee must provide a copy of that extension in the 120 day period and copy of the tax returns by no later than 7 calendar days after filed

15. NOTICES TO FRANCHISEE:

Name:
Address:

Facsimile:
Email:

16. NOTICES TO FRANCHISOR:

Prism, LLC
Attn: Vance Spilman, CEO
4551 Cox Road, Suite 310
Glen Allen, Virginia 23060

Facsimile: (804) 747-8016
Email: vspilman@leafspringschool.com

GLOSSARY OF TERMS

Advertising Fee means the monthly contributions to the Advertising Fund (when established) in the amount specified on the Summary Pages.

Advertising Obligation means the amount that Franchisee is required to spend or contribute for ongoing promotion and advertising for School for the Advertising Fee, co-operative advertising contribution, and local advertising expenditures. Currently, the Advertising Obligation is 1% of Gross Sales and Franchisor can increase the Advertising Obligation to 3% of Gross Sales, however, Franchisor will not increase the Advertising Obligation by more than 0.5% in any consecutive 12 month period. Franchisor has the right to re-allocate the Advertising Obligation among the Advertising Fund, co-operative advertising and local advertising.

Affiliate means an individual or Business Entity that controls, is controlled by or is under common control with another individual or Business Entity, either by virtue of equity ownership, by contract or by other means.

Agreement or Franchise Agreement means this Agreement and all exhibits, schedules, ancillary documents and guarantees attached hereto.

Annual Budget means the monthly financial projections of operating results by program for the coming year prepared by Franchisee in the form of an income statement comprising revenues and expenses classified according to the Franchisor's defined chart of accounts. Franchisor will provide Franchisee a standard budget model to prepare the Annual Budget.

Accepted Location means the address identified in the Summary Pages at which Franchisee's School is located and operated.

Asset Transfer means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter vivos Transfer, testamentary disposition or other disposition of the franchise, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of Franchisee's School or in an interest therein, including (1) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (2) any Transfer upon the death of any of Franchisee's Principals by will, declaration of or Transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon the School or the Transfer, surrender or loss of possession, control or management of the Accepted Location by Franchisee.

Assignment Fee means the fee charged if less than a Controlling Ownership Interest in the franchise is transferred, as specified on the Summary Pages.

Assignment of Telephone Number(s) is Schedule D to this Agreement.

Business Day means a day when banks are open for customary business.

Business Entity means a corporation, a general or limited partnership, a limited liability company, trust, or any other type of business organization.

Collateral means the following property:

(1) All of Franchisee's right, title and interest, estate, claim and demand, either at law or in equity, in and to all equipment, machinery, apparatus, fixtures and articles of personal property of every

kind and nature whatsoever, located at the School's Premises or now or hereafter ordered for eventual delivery to the School's Premises (whether or not delivered thereto) and all such as are now or hereafter used or usable in connection with any of Franchisee's present or future business operations at the School's Premises and now owned or hereafter acquired by Franchisee, and any and all replacements thereof, additions thereto and substitutions therefore, including, without in any manner limiting the generality of the foregoing, all computer equipment used in the operation of the School; and

(2) All of Franchisee's inventory for sale at the School, both now owned and hereafter acquired, whether or not located at the School's Premises, and as the same may now and hereafter from time to time be constituted, together with all cash and non-cash proceeds and products thereof;

(3) All proceeds of the conversion, voluntary or involuntary, of any of the Collateral into cash or liquidated claims, including, without limitation, the proceeds of insurance; and

(4) All of Franchisee's School's student contracts, cash and accounts receivable.

Competitive Business means a business which operates as a facility that provides the supervision or education of children or that provides services including day care, nursery school, pre-school, kindergarten, before and after school, summer school and camp supervised recreations or education services. A Competitive Business does not include another LeafSpring School.

Confidential Information means information relating to the operation of the System including, without limitation, the standards, methods, procedures and specifications of the System, including the contents of the Manuals, customer lists, prospect lists, student lists, student evaluations, health service information, vendors, vendor agreements, information about other franchisees and the operation of their businesses, information about suppliers and pricing, business plans, marketing plans, advertising programs, market research, information about customers and all other information which is used in the School, which is derived from Franchisor or other franchisees, and which has value to Franchisor. However, Confidential Information shall not include information that (i) is or becomes a part of the public domain through no act or omission of Franchisee; (ii) was in Franchisee's lawful possession prior to the disclosure and had not been obtained by Franchisee either directly or indirectly from Franchisor; (iii) is lawfully disclosed to Franchisee by a third party without restriction on disclosure; (iv) is independently developed by Franchisee without use of or reference to Franchisor's Confidential Information; or (v) is required to be disclosed by law, governmental authority or court order; provided, however, that Franchisee shall first have given notice Franchisor so that a protective order, if appropriate, may be sought by Franchisor.

Confidentiality Agreement means an agreement to be signed by Franchisee, its Principal Owner, Principals, Director and employees designated by Franchisor whereby each agrees not to disclose Confidential Information or to use it other than in the operation of the School. The current form is attached as Schedule C.

Control, Controlling or Controlling Interest means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of a Business Entity, through ownership of voting securities, by contract or otherwise.

Cooperative means a local or regional marketing co-operative that pool funds of franchised and company-owned Schools located in the area covered by the Cooperative.

Customer means a person who has visited a School and who has purchased products or services.

Development Area means the area described on the Summary Pages within which a School must be located and opened with Franchisor's approval before the Opening Date.

Director means the individual who is selected by Franchisee to manage the operation of Franchisee's School under the supervision of Principal Owner and meets the criteria set forth in the Manual.

Due Date means the day specified on the Summary Pages by which recurring fees and reports due to Franchisor must be received by Franchisor. Franchisor may change the Due Date from time to time.

Effective Date means the date the Franchise Agreement is executed by Franchisor as stated on the Summary Pages.

Equity Owners are the individuals who are direct and indirect "Owners" of all equity, financial participation or other Ownership Interest in Franchisee specified on the Summary Pages.

Expiration Date means the date this Agreement expires as stated on the Summary Pages.

Financial Statements are Quarterly and Year-End Financial Statements, prepared in the manner prescribed by Franchisor.

Franchise Disclosure Document or FDD means a document describing Franchisor and the School which was presented to Franchisee before this Agreement was executed.

Franchisee includes the individual or Business Entity identified as "Franchisee" on the Summary Pages, and shall also include all persons who succeed the interest of the original Franchisee.

Franchisor or Us or We is Prism, LLC and its successors and assigns.

Grand Opening means an event hosted by Franchisee at the School to publicize the opening of the School, which will occur within three (3) months after the Opening Date, pursuant to the requirements specified in the Manuals.

Gross Sales means all revenue derived from operating the School, including, but not limited to, all amounts Franchisee receive for tuition, services, merchandise or goods sold at or away from the School, and whether from cash, check or credit transactions, but excluding all federal, state or municipal sales, use or service taxes collected from Customers and paid to the appropriate taxing authority and reduced by customer refunds, adjustments, credits and allowances actually made by the School.

Guarantor means all Principals and their spouses, who are required to sign the Personal Guaranty attached as Schedule B.

Including means including, without limitation.

Indemnitees means Franchisor's Representatives and their successors and assigns.

Initial Franchise Fee is the amount specified on the Summary Pages.

Intellectual Property or IP means the service marks, trademarks and trade names, trade secrets and patents owned by Franchisor's Representatives, including the trademark LEAFSPRING SCHOOL.

Late Fee is the amount specified on the Summary Pages that is imposed for any failure to submit any payment, report or take any corrective action that is required by Franchisor within the time prescribed by the Agreement or by the Manuals. The amount of the late fee is based on the frequency and type of

default. The amounts and due dates are subject to change. Late fees shall have no effect on any right or remedy Franchisor may have under the Franchise Agreement or under applicable law.

Local Advertising Requirement is the amount specified on the Summary Pages which Franchisee must spend each year to promote sales at the School.

Losses and Expenses means all losses; compensatory, exemplary or punitive damages; fines; charges; costs; expenses; lost profits; attorneys' fees; experts' fees; court costs; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time or space, and costs of changing, substituting, or replacing same; and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described.

Manuals mean manuals or policies developed by Franchisor regarding or relating to the ongoing development, construction, opening, operation and maintenance of a School and containing both mandatory and suggested standards and operating procedures that Franchisor develops for LEAFSPRING SCHOOL businesses. The term "Manuals" includes the Operations Manual, training manuals, development manual and other business manuals as may be prepared from time to time for use by franchisees. The Manuals may be in printed or electronic format. The Manuals will remain Franchisor's exclusive property and may not be duplicated, shared or re-distributed.

Marks means the trademark, service mark and trade name LEAFSPRING SCHOOL, and certain other trademarks, service marks, product configurations, slogans, logos, designs, emblems, trade dress and other indicia of origin of Franchisor which Franchisor authorizes Franchisee to use in the operation of a School. The Marks may be modified, supplemented, replaced or discontinued from time to time. Franchisee agrees to use only the Marks designated by Franchisor and to use them only in the manner prescribed by Franchisor.

Method of Payment is the method(s) by which Franchisor agrees to accept payments due under this Agreement as specified on the Summary Pages. Franchisor may change the Method of Payment at any time.

Monthly Franchise Report or "MFR" is the report Franchisor will electronically poll from Franchisee's computer system, or that Franchisee must submit to Franchisor, by no later than the 15th of each month which contains reports of financial and other information related to the operation of the School in the form and manner specified by Franchisor. The MFR shall state all Gross Sales for the preceding month.

Monthly Quality Assurance Meeting Report is the report Franchisee must submit to Franchisor no later than the 25th of each month which provides a summary of the findings from, and staff responses to, the previous month's inspection tour of the Approved Location and equipment as well as spot checks of children and staff files to ensure compliance with relevant System Standards.

NSF Fee is specified on the Summary Pages and is charged by Franchisor if any payments from Franchisee required hereunder are returned to Franchisor or declined due to insufficient funds. Franchisor may increase the NSF Fee in the future in its sole discretion upon thirty (30) days' notice to Franchisee.

Opening Date is the date specified on the Summary Pages by which Franchisee's School must be open for business with Franchisor's approval.

Operations Manual consists of the various operations and procedures, standards, specifications and requirements regarding or relating to the School as Franchisor specifies from time to time, as they

may be developed, revised, changed, modified or supplemented by Franchisor from time to time and such additional standards, operations bulletins or memoranda as Franchisor may develop from time to time.

Ownership Interest means any direct or indirect, legal or beneficial ownership interest of any type.

Ownership Interest Transfer means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter vivos Transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in Franchisee or revenues or income of the School, including: (1) any Transfer, redemption or issuance of a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee; (2) any merger or consolidation between Franchisee or any Business Entity that has a Controlling Interest in Franchisee and another Business Entity, whether or not Franchisee is the surviving Business Entity; (3) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (4) any Transfer upon Franchisee's death or the death of any of Franchisee's Principals by will, declaration of or Transfer in trust or under the laws of intestate succession; or (5) any foreclosure upon the School or the Transfer, surrender or loss by Franchisee of possession, control or management of the Premises.

Permanent Disability or Permanently Disabled State means any physical, emotional or mental injury, illness or incapacity which prevents the Principal Owner or the Director from performing the obligations set forth in this Agreement in the ordinary course of business for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If Franchisee disagrees with Franchisor about whether the Principal Owner or the Director is permanently disabled, the existence of permanent disability shall be determined by a licensed practicing physician selected by Franchisor, upon examination of the Principal Owner or the Director; or if the Principal Owner or the Director refuses to submit to an examination, then the person automatically shall be considered permanently disabled as of the date of refusal. The costs of any such examination shall be paid by Franchisor.

Person is an individual, or Business Entity.

Personal Guaranty is Schedule B to this Agreement.

Premises means the real property from which a School operates.

Principal means collectively or individually, all shareholders, partners or members of Franchisee or any of Franchisee's Affiliates, and persons holding a direct or indirect Ownership Interest in Franchisee or in any of Franchisee's Affiliates, in the Franchise, this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of the School or an interest therein or in the revenues or income thereof.

Principal Owner means an owner of Franchisee who is directly responsible for causing Franchisee to fulfill its obligations under this Agreement and who will be the person with whom Franchisor communicates and whom will have the authority to bind Franchisee with respect to all financial and operational matters related to Franchisee's School. The Principal Owner must own at least a 10% ownership and voting interest in Franchisee. Principal Owner must successfully complete the initial training program and any additional training that we require. Principal Owner must sign a Personal Guaranty.

Prior Agreement means the franchise agreement between Franchisee and Franchisor for the School that is being replaced by a Subsequent Franchise Agreement upon its expiration.

Public Offering Review Fee is the fee the Franchisee must pay to Franchisor to review a proposed public offering of securities in the Franchisee, as specified on the Summary Pages.

Publicly-Held Business Entity means a Business Entity whose Ownership Interests are traded to the public, as defined in the US Securities Act.

Representatives means Franchisor and Franchisee, their Affiliates' and their respective officers, directors, employees, agents, attorneys and representatives.

Right of First Refusal means Franchisor's right to purchase the interest being offered by Franchisee or anyone owning an Ownership Interest in Franchisee by matching the bona fide monetary purchase price and payment schedule terms, less any brokerage commission (without having to match any other or non-monetary terms of the proposed transfer), and taking into account as an offset any monies owed to Franchisor.

Royalty or Royalty Fees means the monthly fee specified on the Summary Pages.

School or a LeafSpring School is a child care business operating pursuant to the System which offers education, recreational and health care services for children. "Franchisee's School" is the School which Franchisee is authorized to operate by this Agreement. Franchisor previously offered franchises for schools using the trademark "Rainbow Station" and the System. The System and Schools will include franchises operating under the "Rainbow Station" trademark until such businesses change to the "LeafSpring School" marks.

Second Agreement or Subsequent Franchise Agreement means a new Franchise Agreement which is offered to Franchisee for a period which commences after the Expiration Date of a Prior Agreement.

Subsequent Franchise Agreement Documents include all documentation required by Franchisor for Franchisee to enter into a Subsequent Franchise Agreement.

Subsequent Franchise Agreement Fee means the amount to be paid by Franchisee to Franchisor for the option to renew for a term specified on the Summary Page by signing the Franchisor's then current form of Franchise Agreement.

System means the method of developing, constructing, opening, operating and maintaining the School and related standards, specifications and procedures prescribed by Franchisor as set forth in the Manuals. The distinguishing characteristics of the System include special techniques for early childhood education services, including nursery school, pre-school, pre-school summer camps, private kindergarten, before and after-school recreation, summer school recreation, camps for school age children in the nature of arts, crafts, theater productions, computers, cooking, games, reading, technology, mathematics, engineering, science activities, and care for mildly ill and special needs children, as well as distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which may be changed, improved, and further developed by Franchisor from time to time.

Term means the period from the Effective Date to the earlier of the Expiration Date or the Termination Date.

Termination Date means the date upon which this Agreement ends pursuant to Section 15.

Transfer means an Asset Transfer or an Ownership Interest Transfer.

Transferee is any Person who wishes to acquire an interest in connection with an Asset Transfer or an Ownership Interest Transfer.

Transfer Fee is a non-refundable fee specified on the Summary Pages, charged by Franchisor as a condition of approving a Transfer.

Variance Request means a request by Franchisee for an exception to a System Standard. The Variance Request must describe the proposed variance, provide a rationale for the variance, and confirm that the variance would not detract from the System or the Marks or violate the requirements of any regulatory or accrediting body or any applicable law.

Weekly Enrollment and Tuition Revenue Report means the report reflecting weekly enrollment and Gross Sales for the current week.

Year-End Financial Statements are annual financial statements prescribed by Franchisor which must be reviewed or compiled by a third-party certified public accountant and must be received from Franchisee by the date specified on the Summary Pages.

LEAFSPRING SCHOOLS

FRANCHISE AGREEMENT

This Agreement is made and entered into on the Effective Date by and between Franchisor and Franchisee.

1 RECITALS OF FACT

This Agreement is made and entered into by Franchisor and Franchisee with reference to the following facts:

A. Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique System for businesses specializing in early childhood education services, including nursery school, pre-school, pre-school summer camps, private kindergarten, before and after-school recreation, summer school recreation, camps for school age children in the nature of arts, crafts, theater productions, computers, cooking, games, reading, technology, mathematics, engineering, science activities, and care for mildly ill and special needs children.

B. Franchisor has experience, know-how, and the ability to provide assistance and guidance in the operation of Schools.

C. Franchisee has executed a completed LEAFSPRING SCHOOL application for a franchise to own and operate a School.

D. Franchisor has approved Franchisee's application in reliance upon all of the representations and warranties made, and grants to Franchisee a franchise to own and operate a School, and to use the Marks and the System in such operation.

E. Franchisee acknowledges it has investigated Franchisor and the franchise program fully and completely, and agrees to adhere to all elements of this Franchise Agreement.

2 GRANT OF FRANCHISE

A. Location of the School

Franchisor grants to Franchisee, and Franchisee accepts, a franchise to operate the School, utilizing the System, at the Accepted Location described on the Summary Pages. Franchisor also grants and Franchisee accepts, a limited franchise to use only such Marks and System, and only in connection with the services, which have been approved by Franchisor at the School. If the Accepted Location has not been designated as of the Effective Date, then Franchisee must sign the Site Selection Addendum attached as Schedule F.

B. Territory

Subject to any existing LeafSpring Schools that are in operation as of the Effective Date, Franchisor agrees during the Term, provided Franchisee is in full compliance with this Agreement and except as set forth in the next sentence, Franchisor shall not operate or grant a franchise to operate a School at a location within the Territory, as defined in Schedule A. Notwithstanding the rights granted in this Section, Franchisor and Franchisor's Representatives retain the following rights, regardless of the proximity to, or financial impact on, Franchisee's School:

1. To own, acquire, establish and/or operate, and license others to establish and/or operate, any businesses other than a LeafSpring School at any location within or outside the Territory under other marks or other systems, and regardless of whether such businesses are the same, similar or different from the LeafSpring School or may compete with Franchisee's School;

2. To sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any services or products which bear any trademarks, including the Marks, whether within or outside the Territory, and through any distribution channel or venue other than a LeafSpring School.

3. To own and/or operate an "on-site" corporate childcare program (a "Corporate On Site Program") for an entity or entities chosen by Franchisor in its sole discretion (the "Corporate Sponsors") located within the Territory at a corporation's grounds or off its grounds if it is the exclusive site to the corporation. If Franchisor does so, Franchisor will pay Franchisee five percent (5%) of the tuition that Franchisee can demonstrate that Franchisee lost from students who were actually enrolled and paying tuition at Franchisee's School on the date of the opening of the Corporate On Site Program, as documented in Franchisee's contemporaneous books and records, but who subsequently leave and enroll at the Corporate On Site Program, for as long as each previously enrolled student remains enrolled at the Corporate On Site Program. Solicitation of "offsite" contracts under the Corporate On Site Program is not a violation of Franchisee's rights in the Territory.

4. To be acquired by a third party that operates competing childcare systems or schools other than LeafSpring Schools within the Territory.

3 TERM AND SUBSEQUENT FRANCHISE AGREEMENT

A. Term

Subject to the provisions in this Agreement, the Term of this Franchise shall commence on the Effective Date and it shall expire on the Expiration Date.

B. Subsequent Franchise Agreement

Franchisee may opt to enter into a Subsequent Franchise Agreement for the Subsequent Franchise Agreement Term specified on the Summary Pages, subject to the following conditions, which must be complied with prior to entering into a Subsequent Franchise Agreement:

1. Franchisee shall give Franchisor written notice of election to enter into a Subsequent Franchise Agreement not less than ten (10) months prior to the Expiration Date;

2. Franchisee shall not be in default of any provision or amendment to this Agreement, or any other agreement between Franchisor and Franchisee. Franchisee shall have complied with all conditions of all agreements with Franchisor or its Affiliates during the Term.

3. Franchisee shall complete, at its sole expense, such maintenance, renovation or remodeling of the School as is required in writing by Franchisor;

4. Franchisee shall satisfy all monetary obligations owed by Franchisee to Franchisor, and its Affiliates, and shall have timely met these obligations throughout the Term;

5. Franchisee shall execute the Subsequent Franchise Agreement, Franchisor's then-current form of Franchise Agreement for similar franchises, which Agreement shall supersede this Agreement in all respects, the terms of which may differ materially from the terms of this Agreement. Franchisee shall

pay to Franchisor on the date of execution of the Subsequent Franchise Agreement, a Subsequent Franchise Agreement Fee in the amount specified on the Summary Pages.

6. Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

7. Franchisee and its Representatives shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective Representatives.

Within 60 days after Franchisor's receipt of Franchisee's notice under Section 3.B.1., Franchisor will advise Franchisee whether or not Franchisee is entitled to remain a franchisee for the Subsequent Franchise Agreement Term.

If Franchisor intends to permit Franchisee to remain a franchisee, Franchisor's notice will contain preliminary information regarding the actions Franchisee must take to satisfy Sections 3.B.3 and 3.B.6. Franchisor will forward to Franchisee the Subsequent Franchise Agreement for signature at least 30 days prior to the expiration of the Term. All individuals required by Franchisor must sign a personal guaranty. Franchisee's failure to sign the Subsequent Franchise Agreement and return it to Franchisor prior to the expiration of the Term will be deemed an election by Franchisee not to exercise the rights to the Subsequent Franchise Agreement Term and will result in the expiration of this Agreement at the end of the Term. Provided that Franchisee has timely complied with all of the conditions set forth in this Section 3, Franchisor will sign the Subsequent Franchise Agreement and return a fully signed original to Franchisee.

If Franchisor will not permit Franchisee to remain a franchisee for the Subsequent Franchise Agreement Term, Franchisor's notice will specify the reasons for rejecting Franchisee's request, and Franchisor may unilaterally extend the Term as necessary to comply with any applicable laws.

4 INITIAL FRANCHISE FEE

In consideration of the franchise granted herein, simultaneously with Franchisee's execution of this Agreement, Franchisee shall pay to Franchisor an Initial Franchise Fee of the amount specified on the Summary Pages. The Initial Franchise Fee is not refundable, and is fully earned by Franchisor when received.

5 ROYALTY FEES

A. Amount

Franchisee agrees to pay to Franchisor a Royalty Fee in the amount specified on the Summary Pages on the Due Date specified on the Summary Pages based upon Gross Sales for the pervious calendar month as reflected in the MFR.

B. Payment Procedure

Franchisee shall execute and deliver to Franchisor pre-authorized draft forms for Franchisee's operating account, which enable Franchisor to withdraw money on a timely basis from the operating account to collect Royalty payments and any other charges owed by Franchisee. Franchisee shall make the funds available to Franchisor for withdrawal no later than the Due Date for each payment.

C. Late Fees and Damage Provisions

In addition to its other rights and remedies, Franchisor may charge Franchisee a Late Fee as specified on the Summary Pages for any payment or electronic funds transfer that is not received by Franchisor or its Affiliates by the Due Date, as well as for any report that is not received by Franchisor or its Affiliates by the Due Date. In addition, if any payment is returned, bounced, rejected or not otherwise paid by the financial institution, Franchisee must pay the NSF Fee as specified in the Summary Pages.

6 ADVERTISING FEES

A. Advertising Fund

When Franchisor determines that it is advantageous to do so, it may establish a National Advertising Fund ("Advertising Fund"). When Franchisor establishes the Advertising Fund Franchisee shall contribute the amount specified on the Summary Pages to the Advertising Fund.

Franchisee agrees the Advertising Fund shall be maintained and administered by Franchisor as follows:

1. Franchisor will direct all marketing programs with sole discretion over the creative concepts, materials and media used in such programs and the placement of fund allocations thereof. Franchisee agrees and acknowledges that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally, and that Franchisor undertakes no obligation in administering the Fund to make expenditures for the School which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or other marketing activities.

2. All contributions of the Advertising Fund and any earnings shall be used exclusively to meet any and all costs of maintaining, administering, directing and preparing advertising activities (including cost of preparing and conducting advertising campaigns in various media; marketing surveys and other public relations activities designed to promote the Marks and the System; employing advertising agencies; and providing promotional brochures and other marketing materials to the School). All sums paid by Franchisee to the Advertising Fund and any earnings shall be maintained in an account separate from the other monies of Franchisor, and shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs for Franchisees and the System. The Advertising Fund earnings shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the Advertising Fund. Franchisee shall contribute to the Advertising Fund the same way it pays Royalty Fees. For each Franchisor-owned or Franchisor-affiliated business operating under the System, Franchisor or its affiliate shall make contributions to the Advertising Fund on the same basis as the assessments required of comparable Schools which opened at the same time.

3. It is anticipated that all contributions to and earnings of the Advertising Fund shall be expended for the purposes described during the taxable year, within which the contributions and earnings are received. If, however, excess amounts remain in the Advertising Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

4. Franchisor reserves the right to defer or reduce contributions of Franchisee to the Advertising Fund and, upon thirty (30) days' prior written notice, to reduce or suspend Franchisee's payment of Advertising Fees to and suspend operations of the Advertising Fund for one or more periods

of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to Franchisor's franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period, and amounts required to be paid shall be added to amounts required to be expended pursuant to Franchisee's local advertising plan.

The Advertising Fund is not and shall not be an asset of Franchisor. An unaudited statement of the operations of the Advertising Fund shall be prepared annually and be made available to Franchisee.

5. Although the Advertising Fund is intended to be of indefinite duration, Franchisor maintains the right to terminate the Advertising Fund, to reduce required contributions to certain Franchisees, to suspend contributions, or to remit a portion of the Advertising Fund to local or regional advertising programs relating to Schools and the System. If Franchisor enters into a settlement of claims with a Franchisee which does not result in a collection of all Royalty Fees and Advertising Fund contributions which were due, Franchisor may allocate amounts collected as it deems appropriate. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for the purposes described in this section.

B. Grand Opening Promotions

Franchisee shall expend at least the amount specified on the Summary Pages for Grand Opening promotions. Such advertising and promotional items must be utilized or employed prior to opening and during the first three (3) months of operation of the Franchisee's School. Franchisor will provide Franchisee standard specifications for Grand Opening promotions and Franchisee shall be responsible for developing the Grand Opening promotions, which must be submitted to Franchisor for approval.

C. Local Advertising Plan and Expenditure

Franchisee agrees to implement and follow the standard advertising and marketing plan supplied by Franchisor as posted on the School website, which may include templates for posters, postcards, letters, business cards and related materials. Franchisee may implement additional advertising, provided such advertising conforms to the standards and requirements of Franchisor, as set forth in Franchisor's Manuals, or as otherwise designated by Franchisor.

Franchisee shall not advertise the School in conjunction with any other business, except with Franchisor's prior written consent. Franchisee shall obtain Franchisor's prior approval of all advertising and promotional plans and materials that Franchisee desires to use that have not been prepared or approved by Franchisor within the preceding twelve (12) month period. Franchisee shall submit such unapproved plans or materials to Franchisor. Franchisee shall use no such plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials upon notice by Franchisor. Any plans or materials submitted by Franchisee to Franchisor which have not been approved in writing, within thirty (30) days after receipt by Franchisor, shall be deemed disapproved.

Franchisee agrees to expend annually for advertising and promotion of the School the amount specified on the Summary Pages. Franchisor may increase this amount from time to time. This amount is in addition to amounts expended for Grand Opening promotions.

D. Marketing Cooperatives

Franchisor has the right at any time to establish Cooperatives. If a Cooperative is established for a geographic area that covers Franchisee's School, Franchisee must execute any documentation prepared by

or for the Cooperative and participate in that Cooperative. Cooperatives will be organized for the exclusive purpose of developing, administering and executing advertising programs for the benefit of the members of the Cooperative. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval pursuant to Section 6.C.

E. Use of Photos

Franchisee consents to Franchisor's use of photographs of Franchisee's School in advertising and promotional programs conducted by Franchisor or other franchisees, Franchisee agrees to obtain the consent of Franchisee's employees and Customers for the use of photographs of them in advertising programs.

F. Crises Response

Franchisee shall immediately notify Franchisor of any event which has occurred or which is alleged to have happened at the School, which involves any of the School's employees, or which relates to any activity which is conducted at or sponsored by or affiliated with the School, which may adversely affect the image, reputation or goodwill of the Marks or the System. When such event arises, absent Franchisor's written approval, Franchisee shall not communicate with the press or communicate information or opinions about the event by any means or medium. At Franchisor's option, Franchisor shall control all public relations efforts relating to the event, and Franchisee shall give Franchisor all reasonable assistance in its efforts.

Franchisor shall not be liable to Franchisee's Representatives for any damages or claims which arise out of Franchisor's response to the event.

7 DUTIES OF FRANCHISOR

A. Pre-Opening

Franchisor may, at its discretion, provide certain pre-opening consultation, support and assistance regarding certain matters, including site selection, lease negotiations, lease review, School design and layout, blue line drawings, bank loan proposals, equipment, startup inventory, School fixtures, training, Manuals and signage. Franchisor also may provide Franchisee with access to its intranet site and forms for reporting sales.

B. Ongoing Assistance

Franchisor may provide seminars, consultation, advice, field visits and assistance on a continuing basis and at Franchisee's request, as Franchisor deems advisable. For assistance required above and beyond normal ongoing assistance, Franchisee shall pay all reasonable expenses incurred by Franchisor and its Representatives in connection with such additional assistance, including the costs of transportation, lodging, meals and wages. The parties shall agree on any such charges before they are incurred. Franchisor will endeavor to develop new and improved products and services for use at Franchisee's School. Franchisor may share best practices relating to operating the School; provide recommended assistance with conducting a market survey to check rates/pricing for your local area; provide administration, bookkeeping, accounting and inventory management practices; provide ongoing marketing programs; and communicate information about developments in the System.

C. Manuals

The Manuals will be distributed to Franchisee during initial training.

D. Advertising/Promotional Material

Franchisor may make available to Franchisee, on an ongoing basis, advertising and promotional materials for use by Franchisee in advertising Franchisee's School, and other bulletins on sales and service, marketing developments and techniques, and business and operational procedures.

8 DUTIES OF FRANCHISEE

A. Maintaining Operating Standards

Franchisee understands and acknowledges that every detail of the System is important to Franchisee, Franchisor and other franchisees to develop and maintain high operating standards and personal customer service, in order to increase the demand for the services provided by all Schools under the System, and to protect Franchisor's reputation and goodwill.

B. Business Entity Guaranty

If Franchisee is a Business Entity, all Principals and their spouses shall personally guarantee Franchisee's performance, and shall bind themselves to the terms of this Agreement; provided, however, the requirements of this Section 8.B shall not apply to Owners of a Public-Held Business Entity. The Personal Guaranty must be in the form of Schedule B attached to this Agreement.

C. Clauses in Lease

If the Accepted Location for Franchisee's School will be leased, the Lease shall be submitted to Franchisor for written approval (as to the lease provision we require to be included) at least fifteen (15) days before it is scheduled to be executed. Such approval shall not be unreasonably withheld. If Franchisee leases the School's Premises, the lease must include language contained in the Lease Rider which is attached as Schedule E.

D. Construction of School

Franchisee is responsible for developing and constructing the School. Franchisor will furnish Franchisee with mandatory specifications and layouts for a LeafSpring School business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, color scheme and other suggestions. Franchisor will assist Franchisee in developing the School by recommending contractors (which may include Franchisor or its Affiliates) and architects and otherwise furnishing information to assist Franchisee in developing the School in accordance with Franchisor's specifications. Franchisee is obligated to have prepared, at its expense, construction plans and specifications of the School which comply with the Manuals and with applicable laws.

Franchisee shall submit construction plans and specifications to Franchisor for its approval at least one hundred twenty (120) days before construction of the School is commenced and, at Franchisor's request, it shall submit all revised or "as built" plans and specifications during the course of such construction for Franchisor's approval.

Franchisee acknowledges and agrees that Franchisor's review and approval of any construction plans submitted for approval under this paragraph (as well as any inspections Franchisor makes of the Premises during construction of the School) are solely to assure Franchisee's compliance with the System. No such approvals constitute a representation that the plans comply with applicable laws. Franchisee expressly represents and warrants that the School will be built and operated in compliance

with all local, state and federal laws, ordinances, rules and regulations, including the Americans with Disabilities Act.

E. Training of Employees

Franchisee agrees:

1. Franchisee, Principal Owner, or Director and up to three (3) additional employees shall attend and complete, to Franchisor's satisfaction, the pre-opening training program, consisting of ten (10) working days, conducted by Franchisor at Franchisor's training facilities, or at another location chosen by Franchisor, at a date or dates to be set by Franchisor, and five (5) days of training at Franchisee's School, which shall take place prior to the Opening Date. Franchisor shall provide and pay only for the training instructors, facilities and training materials in connection with Franchisee's initial training, as required by this Agreement. At Franchisor's option, any person subsequently employed as a Principal Owner or Director of the School may be required to attend and satisfactorily complete an initial training program.

2. Franchisee shall complete, or shall cause its employees to complete, to Franchisor's satisfaction, such other initial or additional training as Franchisor may require from time to time.

3. Franchisee and Franchisee's employees may attend such optional training programs Franchisor may from time to time offer.

4. Franchisee shall pay all expenses incurred by Franchisee and its employees in connection with all training, including the cost of transportation, lodging, meals and wages (if any).

5. Franchisee, or Principal Owner or Director, at Franchisee's own expense, must attend Franchisor's annual meeting and any other training that the Franchisor may require.

6. Franchisee will hire all employees of the School and be exclusively responsible for the terms of their employment, work hours and compensation. All persons hired by or working for Franchisee shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's control.

7. Franchisee acknowledges that training provided to Franchisee, its management level employees and any other employees will relate to Franchisor's brand standards.

F. Opening of the School

By the Opening Date specified on the Summary Pages, Franchisee shall have obtained Franchisor's approval to operate and shall have begun to operate the School as prescribed by this Agreement. Prior to commencing operation, Franchisee shall complete to Franchisor's satisfaction all of Franchisor's pre-opening requirements, including providing Franchisor with copies of all insurance policies required by this Agreement or other such evidence of insurance coverage and payment of premiums as Franchisor may request or accept, and obtaining all required permits licenses, and certifications for operating the School, as required by Franchisor and all laws, rules and regulations.

G. Grand Opening

Franchisee shall have a Grand Opening, as specified in the Manuals. The Grand Opening will occur generally within three (3) months after the Opening Date and involve the community, parents, children, and business and political leaders through invitation and association.

H. Operation of Business

Franchisee shall operate the School in conformity with such standards, techniques and procedures as Franchisor may from time to time prescribe in the Manuals, or otherwise in writing, and shall not deviate from them, without Franchisor's prior written consent.

Franchisee further agrees:

1. To maintain at all times such minimum stocks of inventory or supplies as Franchisor may from time to time prescribe.

2. To offer Customers all services and products which Franchisor may from time to time prescribe in a manner which Franchisor prescribes or approves.

3. To offer to Customers only those services which meet Franchisor's standards of quality, and which Franchisor has expressly approved in writing to be offered at the School, and to discontinue offering any services which Franchisor may, in its discretion, disapprove.

4. To utilize only Franchisor's standard forms of agreements and contracts, except with the express written approval of Franchisor.

5. To apply for National Academy of Early Childhood Programs ("NAECP") certification as soon as allowable under NAECP regulations, after the Opening Date of the School. Franchisee shall obtain and continuously maintain NAECP certification and other accreditations as Franchisor directs, throughout the Term. In addition, Franchisee shall obtain other accreditations as directed by Franchisor from time to time.

6. To pay promptly to Franchisor and its Affiliates any fees or contributions required under this Agreement, as well as any additional payments, fees or charges incurred for any equipment, products, supplies or services to be furnished by Franchisor or its Affiliates at Franchisee's request. Terms for payment of such products, supplies and services purchased by Franchisee shall be "on demand." Any payments, which are past due, shall bear with interest from the date such amounts were due until paid, at the lesser of three (3) percentage points above the Prime Rate, on the date payment was due, as reported in the WALL STREET JOURNAL on that date, or the maximum rate permitted by law.

I. Use of Proper Equipment

In operating the School, Franchisee shall use only Franchisor's approved or designated equipment and supplies (including computer hardware and software) and shall only purchase or lease equipment and supplies from Franchisor's Affiliates or from other suppliers which Franchisor has approved or designated.

J. Image of Business

Franchisee shall maintain the School in a safe, clean, orderly condition and in full compliance with the Manuals. At Franchisor's request, which shall not occur more than once during the Term, Franchisee shall, at Franchisee's expense, complete all improvements and alterations that may be determined by Franchisor to be necessary so that facilities of the School conform to the System image as it may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such improvements and alterations within the time and under the terms and conditions specified by Franchisor.

K. Normal Hours of Operation

Except as otherwise approved in writing by Franchisor, Franchisee shall keep the School open and in normal operation for such minimum days and hours as Franchisor may prescribe in the Manuals.

L. Maintaining Staff

Franchisee agrees to maintain a competent, conscientious, trained staff possessing all licenses and certifications required by the Manuals and applicable laws, including at least one (1) trained, full-time Director or assistant in the School during operational hours, and to take such steps as are necessary to ensure that Franchisee's employees preserve good customer and public relations.

M. Telephone Numbers of Business

Franchisee understands and agrees that the telephone number(s) and email address(es) for the School constitute(s) a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s) and email address(es) for the School without prior written notice and subsequent approval of Franchisor. Franchisee shall advertise and publish the telephone number(s) and email address(es) for the School in the manner prescribed by Franchisor.

N. Right to Enter Business

Franchisee shall permit Franchisor and its Representatives to enter the Business at any reasonable time for the purpose of conducting inspections and Franchisee shall cooperate fully with Franchisor's Representatives in such inspections by rendering such assistance as Franchisor's Representatives may reasonably request. Upon notice from Franchisor or its Representatives and without limiting Franchisor's other rights under this Agreement, Franchisee shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. The foregoing shall be in addition to any other remedies Franchisor may be granted in this Agreement or otherwise.

O. Operate the System

Franchisee shall not conduct any business at the School other than the business licensed to Franchisee pursuant to this Agreement without the prior written approval of Franchisor. Franchisee shall not conduct any activity at or in connection with the School which is unlawful or which results in damage to the Marks or reputation and goodwill of Franchisor.

P. Compliance with Laws and other Standards

Franchisee shall comply with all applicable laws and regulations and shall obtain and at all times maintain any and all permits, certificates or licenses necessary for the full and proper conduct of the School. Franchisee shall cause all of the health care and education personnel associated with the School to comply with all applicable laws and regulations and shall obtain and at all times maintain any and all permits, certificates, insurance and licenses necessary for the full and proper conduct of the School. Franchisee shall comply with all applicable laws and regulations regarding hiring and firing of employees, and Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee, without any influence or advice from Franchisor.

Franchisee must comply with Franchisor's standards for processing electronic payments and any costs to do so are at Franchisee's expense. Franchisee agrees to abide by: **(a)** the Payment Card Industry Data Security Standards ("PCIDSS") enacted by the applicable Card Associations (as they may be

modified from time to time or as successor standards are adopted); **(b)** the Fair and Accurate Credit Transactions Act ("FACTA"); and **(c)** all other standards, laws, rules, regulations or any equivalent thereof applicable to electronic payments that may be published from time to time by payment card companies and applicable to electronic payments ("Electronic Payment Requirements"). If required by Franchisor or by one of the credit card companies, Franchisee shall provide Franchisor with evidence of compliance with PCIDSS, FACTA, or applicable Electronic Payment Requirements and provide, or make available, to Franchisor copies of an audit, scanning results or related documentation relating to such compliance. Any costs associated with an audit or to gain compliance with PCIDSS, FACTA or any Electronic Payment Requirements shall be borne by Franchisee. If Franchisee knows or suspects a security breach, Franchisee must immediately notify Franchisor. Franchisee will promptly identify and remediate the source of any compromise. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of the Franchisee's School.

Q. Changes to the System

Franchisor may make changes to any aspect of the System, including operating standards, marketing, signs, equipment standards and technology. Franchisee agrees to promptly adopt any such changes specified by Franchisor and to be responsible for related costs of complying with such changes. Franchisee may request changes to or variances from the System by submitting a Variance Request, using such forms as Franchisor prescribes. Franchisor has the sole and exclusive right to grant or deny any Variance Request, as Franchisor deems advisable.

9 USES OF MARKS

A. Franchisor - Ownership of Marks

Franchisor is the Owner of all right, title and interest in and to the Marks and has the right to use the Marks and to sublicense them to franchisees.

B. Franchisee - Use of Marks

With respect to Franchisee's use of the Marks granted in this Agreement, Franchisee agrees:

1. Franchisee only may use the Marks on the internet on a website which Franchisor hosts;

2. Franchisee may only use social or professional networking sites to promote the Business with Franchisor's prior approval and only in the manner prescribed by Franchisor in the Manuals;

3. Franchisee shall use the Marks only in connection with the operation and advertising of the School;

4. Franchisee shall use and display, as Franchisor may require in the operation of the School (including any website, stationary, business card, marketing materials or other materials as required by Franchisor), a notice in a form approved by Franchisor indicating Franchisee is a "Franchised Operator" under the System, and that the Marks are used by Franchisee under such franchise;

5. Unless otherwise authorized or required by Franchisor, Franchisee only shall operate and advertise the School as prescribed in the Manuals;

6. Franchisee shall comply fully with all marketing, promotions and public service that Franchisor prescribes.

7. Franchisee's right to use the Marks is limited to such uses authorized under this Agreement, and any unauthorized use shall constitute an infringement of Franchisor's rights;

8. Franchisee shall not use the Marks to incur any obligations or indebtedness on behalf of Franchisor;

9. Franchisee shall not use the Marks as part of the name of any Business Entity.

10. Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability; and

11. If litigation involving the Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor, and Franchisee shall cooperate fully with Franchisor in defending such litigation. Franchisor shall, in its sole discretion, determine whether it wishes to initiate any action, litigation, or administrative proceeding arising out of such alleged use of the Marks. Franchisor alone shall control any such litigation or administrative proceeding and settlement terms. Franchisee shall pay Franchisor's legal and travel expenses associated with any acts taken by Franchisor pursuant to this Section. Franchisor shall indemnify Franchisee for all costs Franchisee incurs as a result of a suit or action by a third party or government agency alleging infringement or unfair competition because of Franchisee's use of the Marks, provided Franchisee has used the Marks in a way which was prescribed or approved by Franchisor.

C. Other Covenants of Franchisee

Franchisee expressly understands and acknowledges that:

1. As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks, and the goodwill associated with and symbolized by them.

2. The Marks are valid and serve to identify the System and Schools franchised under the System.

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Marks.

4. Franchisee's use of the Marks granted in this Agreement does not give Franchisee any Ownership Interest or other interest in or to the Marks, except the non-exclusive franchise granted herein.

5. Any goodwill arising from Franchisee's use of the Marks in operation of the School under the System shall inure solely and exclusively to the benefit of Franchisor. Upon the expiration or the termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks.

6. Franchisor reserves the right to substitute different Marks for use in identifying the System and the School. Franchisee must bear all costs of modifying the Marks.

7. Franchisee hereby agrees not to register or attempt to register any of the Marks or a domain name which includes any of the Marks in Franchisee's name, or that of any other individual or Business Entity.

10 MANUALS

Franchisee shall conduct business in accordance with the provisions, standards, and procedures set forth in the Manuals. Franchisee agrees: (A) Franchisee shall at all times treat the Manuals, created for or approved for use in the operation of the School, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential; (B) The Manuals shall at all times remain the sole property of Franchisor, shall be kept in a secure place in the School, and shall be returned to Franchisor immediately upon the expiration or termination of this Agreement; (C) Franchisor may, from time to time, revise the contents of the Manuals and the Franchisee expressly agrees to comply with all new or modified provisions. Revisions to the contents of the Manuals shall be deemed effective seven (7) days after the date of mailing or posting on Franchisor's intranet site, unless otherwise specified by Franchisor; (D) Franchisee shall at all times ensure copies of the Manuals are kept current and up-to-date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's headquarters shall be controlling; (E) Franchisee shall not at any time, without Franchisor's prior written approval, copy, duplicate, record or otherwise reproduce the Manuals in whole or in part, nor otherwise make the same available to any unauthorized person; and (F) If Franchisee's copy of the Manuals is lost, destroyed or significantly damaged and Franchisee requests a hard copy replacement from Franchisor, Franchisor will provide a replacement copy at the then-applicable charge.

11 CONFIDENTIALITY AND TRADE SECRETS

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that Franchisor shall provide Franchisee with knowledge of proprietary matters, techniques and business procedures of Franchisor necessary and essential to the operation of the School. Without such Confidential Information, Franchisee could not efficiently and effectively operate the School.

Franchisee acknowledges such Confidential Information was unknown to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to Franchisee. Franchisee shall not divulge Confidential Information without the prior written consent of Franchisor and Franchisee shall not sell, assign, copy, assist or make available to anyone any information that would enable such person to substantially duplicate any portion of the System.

B. Injunctive Relief Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section shall cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this section. Any injunction shall not require Franchisor to post a bond.

C. Franchisee's Employees Shall Not Disclose Trade Secrets

Franchisee shall obtain from each management employee, representative and agent an agreement that such person shall not during the course of employment, representation or agency with Franchisee, or at any time, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the trade secrets or Confidential Information of Franchisor, or use Franchisor's trade secrets or Confidential Information for any purpose other than operating Franchisee's School. A form of confidentiality agreement is attached at Schedule C to this Agreement.

12 TRAINING OF FRANCHISEE

A. Initial Training

Franchisor shall provide a training program relating to the operation of the School consisting of ten (10) days of training at Franchisor's training location or at an operating LeafSpring School, and five (5) days of training at Franchisee's School, which shall take place prior to the Opening Date.

B. Additional Training

Franchisor may require Franchisee and its employees to attend, at a location designated by Franchisor, training beyond that specified in Section 12.A and may charge Refresher Training Fees as specified on the Summary Pages. Franchisee agrees to give Franchisor reasonable assistance in training or assisting other School franchisees. Franchisor will reimburse Franchisee for the reasonable costs and expenses in providing such assistance.

During the initial twelve (12) months of the Term, Franchisor's Representative may visit with Franchisee two (2) times at the School to provide Franchisee with guidance in developing and operating the School, one (1) time in conjunction with your opening and one (1) time to provide guidance in developing and operating the School. Thereafter, Franchisor's Representative may visit one (1) time per year. During the Term, additional guidance may be provided in, but not limited to any of the following ways: telephone consultations, buying advisory services, ongoing marketing programs, newsletter services, meetings, research and development regarding methods of operation, national account development and other additional guidance Franchisor deems necessary.

Upon Franchisee's request, Franchisor will furnish additional guidance and assistance and, in such a case, may charge the Per Diem Fees, as specified on the Summary Pages.

C. Number of Persons to be Trained

Principal Owner shall receive the initial training. Franchisee may select up to a maximum of three (3) additional employees to receive the initial training from Franchisor. Franchisee agrees to have, during the entire Term, at least one (1) fully trained Principal Owner or Director to operate the School. In the event Franchisee or Principal Owner fails to successfully complete the initial training program, Franchisee shall be deemed to be in default of this Agreement.

D. Expenses Paid by Franchisee

Franchisee, and those selected by Franchisee to be trained by Franchisor, shall pay all expenses incurred in such training program, including transportation, lodging, meals and wages (if any).

13 ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee shall maintain during the Term, and shall preserve for the time period specified in the Manuals, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manuals or otherwise in writing.

B. Payment of Monies to Franchisor

Franchisee understands and agrees that Franchisor will poll the MFR on the 15th day of each month. This monthly report shall provide the basis for the electronic funds to be transferred monthly.

C. Submission of Financial Statements and Other Reports

Franchisee shall, at its expense, submit to Franchisor within ninety (90) days of the end of each of its fiscal years during the Term, a complete financial statement for said fiscal year, including both an income statement and balance sheet, which may be unaudited but must be reviewed or compiled by a third-party certified public accountant, together with such information in such form as Franchisor may require. Each financial statement shall be signed by Franchisee or by treasurer or chief financial officer, attesting the statement is true and correct. Franchisee shall also submit to Franchisor the current financial statement and tax return filing(s), and any other forms, records, reports, information or data Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request, and as specified from time to time in the Manuals, or otherwise in writing.

D. Computer Systems

Through the computer systems used at the School, Franchisee agrees to grant Franchisor unrestricted access to all information generated by the systems to allow Franchisor to capture Gross Sales information for use in calculating Royalty Fee and Advertising Fund payments.

Any data from Franchisee's computer systems belongs to Franchisor and Franchisor grants Franchisee a license to use that data during the Term of the Franchise Agreement. However, Franchisor may share composite information with other franchisees, and may use information generated through Franchisee's computer systems to prepare Financial Performance Representations in Franchise Disclosure Documents and for use in substantiating those representations.

E. Franchisor's Right to Audit

Franchisor or its designated agents, shall have the right, at all reasonable times, to examine and copy (at its expense), Franchisee's books of account. Franchisor shall also have the right at any time to audit the books and records of Franchisee. Franchisee must respond to Franchisor's request to audit Franchisee's books of accounts, including copies of federal and state income and other tax returns, within seven (7) days of a request. If any audit reveals that Franchisee has underreported the School's Gross Sales by more than two percent (2%) in any report to Franchisor, Franchisor may at its option, charge Franchisee for any and all costs and expenses incurred in connection with such audit. Franchisee shall pay to Franchisor any amounts owing, immediately upon demand, together with interest from the date such amounts were due until paid, at the lesser of three (3) percentage points above the Prime Rate, on the date payment was due, as reported in the WALL STREET JOURNAL on that date, or the maximum rate permitted by law. Such remedy shall be in addition to any other remedies available to Franchisor under this Agreement or otherwise. If Franchisor's audit reveals understated payments more than twice during the Term, Franchisor at its option, in addition to any other remedies it may have, may elect to require Franchisee's future financial statements, as required by this Agreement, be audited at Franchisee's expense.

F. Franchisor's Right to Use Secret Shoppers

Franchisor may hire or retain Persons to make contact with Franchisee and Franchisee's staff for the purpose of evaluating their compliance with System standards. As part of the evaluation, telephone or other conversations may be recorded. Franchisee consents to Franchisor and its Representatives engaging

in such activities and Franchisee agrees to require each member of its School's staff to consent to such activities.

14 INSURANCE

Franchisee shall at all times and at its sole expense during the Term, maintain the type and amount of insurance as Franchisor prescribes. Franchisee must name Franchisor as additional insured on all such policies. Franchisee shall provide that Franchisor shall receive ten (10) days' prior written notice of termination, expiration or cancellation of any such policy. Franchisee shall submit to Franchisor annually a copy of the certificate of, or other evidence of, the renewal or extension of each such insurance policy. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or to furnish satisfactory evidence, the Franchisor, at its option and in addition to any other rights and remedies available, may, but need not, obtain such insurance coverage on behalf of Franchisee. If Franchisor elects to obtain any such insurance on behalf of Franchisee, Franchisee shall pay Franchisor on demand, one hundred ten percent (110%) of the costs and premiums paid by Franchisor.

15 TRANSFER OF INTERESTS

Franchisee shall not make a Transfer except as permitted by this Section 15. Any Transfer or attempted Transfer without Franchisor's prior written consent or which otherwise violates the requirements in this Section 15 shall be ineffective against Franchisor and, without limiting Franchisor's remedies, shall constitute a material breach of this Agreement.

Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting Franchisor's business interests shall not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to transferees or transactions which do not satisfy Franchisor's standards. Franchisee and its Principals waive any and all claims that actions taken by Franchisor or its Representatives in relation to a proposed Transfer to protect Franchisor's business interests constitute tortious interference with contractual or business relationships.

A. Prior Written Consent

Neither Franchisee nor any Principal shall effect an Asset Transfer without Franchisor's prior written consent, which shall be conditioned on the following:

1. At the time of Asset Transfer, Franchisee and its Principals must be in full compliance with all obligations under this Agreement and all other agreements between Franchisee and Franchisor and Franchisor's Affiliates, including payment of all monetary obligations due to Franchisor and its Affiliates;

2. The proposed transferee must have demonstrated to Franchisor's satisfaction that it satisfies all of Franchisor's standards for new franchisees;

3. The purchase price and terms of the Transfer shall not, in Franchisor's judgment, negatively impact the School following the Transfer;

4. The transferee executes Franchisor's then current form of Franchise Agreement (which may contain different terms and conditions from this Agreement, and which may limit the term of the transferee's Franchise to the unexpired term of this Agreement, and which shall supersede the terms of

this Agreement), Assignment of Telephone Number(s) and Email Address(es) and other collateral agreements Franchisor may then require;

5. The transferee upgrades the School to meet Franchisor's then-current standards for new Schools;

6. The transferee provides Franchisor with a waiver and release with respect to liability for any financial data, financial performance representations, other representations and information Franchisee or its Representatives provided the transferee;

7. The transferee's principals and their spouses execute a Personal Guaranty (Schedule B);

8. The transferee and the transferee's Principal Owner and Director satisfactorily complete Franchisor's training program;

9. Franchisee sends Franchisor a notice requesting Franchisor's approval of a Transfer and provides Franchisor with a Transfer Fee (if a controlling Ownership Interest is transferred) or an Assignment Fee (if less than a controlling Ownership Interest is transferred) in the amount specified on the Summary Pages; and

10. Franchisee, its Affiliates and their respective Principals and the Guarantors provide to Franchisor an unconditional, general release of all claims they have against Franchisor, its Affiliates, and Representatives.

B. Involuntary Asset Transfer

No involuntary Asset Transfer or partitioning of Franchisee's or any Principal's interest in this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, shall be effective against Franchisor unless (i) and until the transferee furnishes Franchisor with a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (ii) and until the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (iii) if the Asset Transfer encompasses Franchisee's or any Principal's total interest in this Agreement or in the School, they designate and appoint Franchisee to be the transferee's agent and attorney in fact with whom Franchisor may deal for all purposes expressed in or contemplated by this Agreement.

C. Ownership Interest Transfer

Any Ownership Interest Transfer shall be subject to Franchisor's prior written consent, which shall be conditioned on the following:

1. At the time of the Ownership Interest Transfer, Franchisee is in full compliance with its obligations under this Agreement, and all other agreements between Franchisor or Franchisor's Affiliates and Franchisee, including payment of all monetary obligations due to Franchisor and its Affiliates.

2. Each proposed transferee meets our criteria for qualifying as a new franchisee and each proposed transferee and his / her spouse delivers a signed Personal Guaranty.

3. If the Ownership Interest Transfer involves control of the Ownership Interest in Franchisee, the transferees comply with Section 15.A.

4. Franchisee, its Affiliates and their respective Principals and the Guarantors provide to Franchisor an unconditional, general release of all claims they have against Franchisor, its Affiliates, and Representatives.

D. Special Transfers

1. If Franchisee is an individual or partnership who notifies Franchisor that it wants to assign the franchise to a Business Entity in which Franchisee shall own one hundred percent (100%) of the Ownership Interest (and, in the case of a partnership, an ownership interest in the Business Entity apportioned substantially the same as were the partnership interests), Franchisor shall consent to the assignment and waive payment of a Transfer Fee and its right of first refusal under Section 15.E upon Franchisor's receipt of such documentation and information concerning the Business Entity and its Principals as Franchisor may request. The required documentation shall include, without limitation, (i) a certified list of the Business Entity's Principals (designating the amount and percentage of units of legal or beneficial ownership which Principal owns), (ii) a Personal Guaranty signed by each Principal and his / her spouses, and (iii) an express assumption by the Business Entity of Franchisee's obligations under this Agreement.

2. If Franchisee is a Business Entity, Franchisor shall consent to Ownership Interest Transfers among Franchisee's original Principals and waive payment of a Transfer Fee and its right of first refusal under Section 15.E if the Transfer does not result in a Transfer of a Controlling Interest. The transferor must deliver to Franchisor such documentation and information concerning the Ownership Interest Transfer and the resulting ownership of Franchisee as Franchisor may request. The required documentation shall include, without limitation, a Personal Guaranty signed by each Principal and his / her spouse who has not previously executed such documents.

E. Right of First Refusal

1. If Franchisee or one (1) or more of Franchisee's Principals wish to effect a Transfer pursuant to any bona fide binding offer received from a third party to purchase that interest, then the proposed seller shall promptly notify Franchisor in writing of the offer, and shall provide any additional information and documentation relating to the offer that Franchisor requires. Franchisor shall have the option, exercisable within thirty (30) days after receipt of all written documentation requested by Franchisor describing the terms of the offer, to notify the proposed transferee that Franchisor intends to acquire the proposed transferee's interest on the same terms and conditions that were offered by the proposed transferee

2. Any material change in the terms of any offer before closing shall constitute a new offer subject to Franchisor's option to purchase as in the initial offer. Franchisor's failure to exercise the option set forth in this Section shall not constitute a waiver of any other provision of this Agreement, including the requirements of this Section. If Franchisor exercises its option to purchase, Franchisor shall not be liable for paying a brokerage or sales commission. If an offer provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed for sale for the reasonable cash equivalent. If the parties cannot agree within seven (7) days on the cash equivalent of the non-cash part of the offer, Franchisor shall designate an independent appraiser to determine such amount and his determination shall be binding on the parties and the cost of the appraiser will be shared equally by the parties. Franchisor may set off its portion of the cost of such appraisal against the purchase price.

3. If the offer includes items which are not assets of the School or items used in the School, at Franchisor's option, Franchisor may acquire only the School assets of the School or such other items as Franchisor selects, without any duty to purchase the other items included in the purchase offer. The

apportionment of the value of the items to be purchased by Franchisor shall be determined by Franchisor, subject to an evaluation by an independent appraiser under the same procedures as non-cash consideration to be evaluated. Franchisor has the unrestricted right to assign or delegate its rights under this Section to a third party.

4. Franchisor's decision not to exercise the right of first refusal granted by this Section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 15, with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing shall constitute a new offer subject to Franchisor's same right of first refusal as in the case of the initial offer.

F. Purchase Upon Principal Owner's Death or Disability

1. This Section 15.F applies only if (a) Principal Owner dies or suffers a Permanent Disability, and (b) the death or Permanent Disability results in a change in executive-level responsibility for managing the School.

2. Upon the occurrence of an event described in Section 15.F.(1), Franchisee shall appoint an interim Principal Owner to operate the School and within fifteen (15) days of such event notify Franchisor and indicate Franchisee's intention of continuing to operate the School pursuant to this Section 15.F.(2). During the first one hundred twenty (120) days after the death or Permanent Disability occurs, Franchisor shall evaluate the interim Principal Owner's willingness and ability to operate the School in compliance with this Agreement. By the end of the one hundred twenty (120) day evaluation period, Franchisor shall decide and notify Franchisee whether the interim Principal Owner is qualified to manage the School and become the Principal Owner. The interim Principal Owner (and any other owners or their spouses as required by Franchisor) must furnish Franchisor with a signed Personal Guaranty and Franchisee must cure any deficiencies of this Agreement. Franchisor also may require the interim Principal Owner to attend and satisfactorily complete Franchisor's initial training program.

G. Transfer by Franchisor

Franchisor and any holder of an Ownership Interest in Franchisor may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security, collateral or conditional interest, inter vivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in Franchisor to any person. Franchisee agrees not to interfere in or to attempt to interfere with a proposed Transfer by Franchisor or by Franchisor's Principals. Specifically, and without limitation to the forgoing, Franchisor may sell its assets, Marks, or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other business entities, or be acquired by another business entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demand, or damages against Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor to any other party. If Franchisor assigns its right in this Agreement, Franchisor shall be released from all further liability under this Agreement. Nothing contained in this Agreement requires Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee if Franchisor assigns its rights in this Agreement.

16 TERMINATION OF FRANCHISE

A. By Franchisor

This Agreement shall terminate without further action by Franchisor on notice to Franchisee if Franchisee or any of Franchisee's Representatives:

1. Fails or refuses to make payments of any amounts due Franchisor or its Affiliates for Royalty Fees, Advertising Fund contributions, purchases from Franchisor or its Affiliates or any other amounts due to Franchisor or its Affiliates, and does not correct such failure or refusal within ten (10) business days after written notice of such failure is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise in writing, and does not correct such failure within thirty (30) days after written notice of such failure is delivered to Franchisee;

3. Violates any health, safety, sanitation or other applicable law, ordinance or regulation and does not immediately begin to cure the noncompliance or violation, and correct such noncompliance or violation within twenty-four (24) hours after written notice is delivered to Franchisee.

B. Termination of Franchisee Without Cure Period

This Agreement shall terminate automatically upon delivery of notice of termination to Franchisee, if Franchisee or any of its Representatives:

1. Fails to construct, decorate, equip and maintain the Premises as required in Section 8.D, 8.H and 8.I hereof, or fails to satisfactorily complete the initial training program as provided in Section 8.E of this Agreement;

2. Fails to begin operating the School within two (2) years after the Effective Date, unless an extension is mutually agreed upon;

3. Has made any material misrepresentation or omission in their application for the Franchise or other documents or reports submitted to Franchisor

4. Is convicted of a felony or pleads no contest to a felony, or is convicted of or pleads no contest to any other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the System;

5. Makes any unauthorized use, disclosure or duplication of any portion of the Manuals, or duplicates or discloses or makes any unauthorized use of any of Franchisor's trade secrets or Confidential Information;

6. Abandons or fails or refuses to actively operate the School for three (3) consecutive business days (other than holidays as described in the Manuals), unless the School has been closed for a purpose approved by Franchisor or due to a Force Majeure;

7. Undertakes (or fails to undertake) any Transfer that is not in accordance with Section 15;

8. Submits to Franchisor on three (3) or more separate occasions within a twenty-four (24) month period any reports or other data, information or supporting records which understate by more than two percent (2%) the Royalty Fees due for any month;

9. Underreports Gross Sales by two percent (2%) or more during any six (6) month period;

10. Acknowledges that Franchisee is unable to pay its debts as they come due or commits any other affirmative act of insolvency, or files any petition or action of insolvency, or for appointment of a receiver or trustee, files a petition in bankruptcy or makes any assignment for the benefit of creditors, or fails to vacate or dismiss within thirty (30) days after filing any such proceedings commenced against Franchisee by a third party;

11. Is subject to a dismissal of a liquidation proceeding pursuant to 11 U.S.C. Section 707, dismissal of a reorganization proceeding pursuant to 11 U.S.C. Section 1112, revocation of an order of confirmation pursuant to 11 U.S.C. Section 1330(b) or dismissal of a debt adjustment proceeding pursuant to 11 U.S.C. Section 1307;

12. Materially misuses or makes an unauthorized use of any Marks or commits any act which can reasonably be expected to materially impair the goodwill associated with any Marks;

13. Continues to violate any health, safety or sanitation law, ordinance or regulation or operates the School in a manner that presents a health or safety hazard to its Customers or the public after receiving notice of such violation.

14. Loses the right to possession and use of the Premises;

15. Fails to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the School, unless Franchisee is, in good faith, legally contesting Franchisee's liability for such taxes;

16. Fails to timely to apply for, obtain, or continuously maintain National Academy of Early Childhood Programs certification for the School and other certifications that the Franchisor may require;

17. Fails to obtain or retain any license or certification required by law or the Manuals for the operation of the School; or

18. If Franchisee's Representatives default under the terms of any other franchise agreement, development agreement or any other agreement with Franchisor or its Affiliates and fail to cure each such default within the time specified in such agreement, if such agreement permits the default to be cured. If such a default is not curable, this Agreement shall terminate upon Franchisee's receipt of a notice of termination.

In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, if Franchisee has not cured a default under this Agreement within the applicable cure period, if any, Franchisor may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of said business until such time as Franchisor determines that Franchisee's default has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control, and operate said business, and that Franchisee shall pay Franchisor a service fee in the amount specified in the Manuals, plus all travel expenses, room and board and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. Franchisee further agrees that if, as herein provided, Franchisor temporarily operates

Franchisee's School, Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, respecting any and all acts and omissions which Franchisor may perform, or fail to perform as regards to the interests of Franchisee or third parties.

17 FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Payment of Monies Owed to Franchisor

Franchisee agrees to pay to Franchisor, within fifteen (15) days after the Termination Date, or the Expiration Date, such Royalty Fees, Advertising Fund contributions, payments for inventory, equipment or merchandise, or any of the products or services purchased by Franchisee from Franchisor or its Affiliates, and any other sums owed to Franchisor by Franchisee, as well as all of Franchisor's lost future profits resulting from the termination of the Agreement before the Expiration Date.

B. Return of Operations Manual and Other Materials

Franchisee agrees upon termination or expiration of this Agreement to immediately return to Franchisor all copies of the Manual(s), training aids and any other materials loaned by Franchisor.

C. Cancellation of Assumed Names/Transfer Phone Numbers and Email Addresses

Franchisee agrees upon termination or expiration of this Agreement to take such action that may be required to cancel all assumed names or equivalent registrations relating to use of any Marks. Franchisor may immediately file with Franchisee's vendors the Assignments of Telephone Numbers / Email Addresses that Franchisee has provided Franchisor as reflected in Schedule D, and may instruct the vendors to transfer use and control of the School's telephone numbers and email addresses to Franchisor or its designee. If assignment is no longer valid, Franchisee shall immediately execute a new assignment in the form requested by Franchisor. Franchisee irrevocably constitutes and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to effect the transfer of the School's telephone number(s) and email addresses, including authority to execute and deliver on Franchisee's behalf any transfer of service agreement the vendor requires, and to revoke any instructions Franchisee has given the vendor. Franchisor shall have no liability to Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of the School's telephone number(s) or email address(es) in accordance with this Section 17.C. In addition, Franchisor shall be entitled to injunctive or similar relief, without bond, against Franchisee and any other person bound to enforce compliance with these requirements.

D. Cease Operation of the School

Franchisee agrees upon termination or expiration of this Agreement, to cease to operate the School, and to not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

E. Cease Using Marks

Franchisee agrees upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or in any manner whatsoever, any confidential methods, procedures, and techniques associated with Franchisor and the Marks and any proprietary marks and distinctive forms, slogans, signs, symbols, logos, or devices associated with the System. In particular, Franchisee shall cease to use all signs, advertising materials, stationery, forms, and any other articles which display the Marks.

F. Franchisor's Right to Purchase School

Upon the expiration or termination of this Agreement, Franchisor will have the right, but not the obligation to purchase some or all of the assets used in the operation of Franchisee's School. Franchisor will send written notice to Franchisee ("Purchase Notice") by not later than thirty (30) days after expiration or termination of this Agreement of Franchisor's election to exercise the option to purchase, and the parties must close the transaction by no later than sixty (60) days after the fair market value of the asserts has been agreed upon or determined by an appraiser.

If Franchisee owns the Approved Location, Franchisor may, at its option in its sole discretion, purchase the Approved Location for the fair market value of the Approved Location or require Franchisee to lease the Approved Located to Franchisor on commercially reasonable terms, including the amount of rent and other charges. If the Approved Location is leased, Franchisee shall, at Franchisor's option, and without paying compensation to Franchisee, assign to Franchisor Franchisee's interest in the lease.

Franchisee must provide Franchisor all requested information regarding the assets used in the operation of Franchisee's School by no later than ten (10) after receiving the Purchase and within Ten (10) after receipt of that information Franchisor will provide Franchisee a proposed purchase price and other terms for the purchase. If the parties fail to agree to the purchase terms within ten (10) days after Franchisor provide the proposed purchase terms, Franchisor shall designate an independent appraiser to determine such amount and his determination shall be binding on the parties and the cost of the appraiser will be shared equally by the parties. This determination will be final and binding upon both parties. Franchisor has the unrestricted right to assign or delegate its rights under this Section to a third party. Franchisor has the right to decide not to purchase at any time. Franchisor may offset against the purchase price any amounts due to Franchisor and the portion of the appraisal costs attributed to Franchisor.

18 COVENANTS

A. Full-Time Operation of Business

Franchisee covenants that, during the Term, Franchisee, or Principal Owner and Director, shall devote full-time energy and best efforts to the management and operation of the School, and shall refrain from engaging in any Competing Business, directly or indirectly, during the Term, except pursuant to another LeafSpring School Franchise Agreement.

B. No Diversion of Business

Franchisee's Representatives covenant that, during the Term and for a continuous uninterrupted period commencing upon the Expiration Date or Termination Date of this Agreement, regardless of the cause for termination, and continuing for twenty-four (24) months, they shall not directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or legal entity:

1. Divert or attempt to divert any business or customer of the School, or of any other School, to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

C. Covenant Not To Compete

Franchisee and all Principals covenant, except as otherwise approved in writing by Franchisor, that they shall not, during the Term and for a continuous uninterrupted period commencing upon the Expiration Date or Termination Date of this Agreement, regardless of the cause for termination, and continuing for twenty-four (24) months, either directly or indirectly, for themselves, or on behalf of, or in

conjunction with any person, individual or Business Entity own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business or a division or subsidiary of a business which provides child care services common at Schools. During the Term, there is no geographic restriction on the covenants in this Section 18.C.; After termination, expiration or transfer, the within the covenants in this Section 18.C apply to any activity within the Territory; or within a radius of twenty-five (25) miles of the premises of any other operating School.

D. Exception to Covenant Not to Compete

Section 18.C. shall not apply to ownership by Franchisee of less than a five percent (5%) Ownership Interest in the outstanding equity securities of any Public-Held Business Entity.

E. Covenants Are Independent

Franchisee and Franchisor agree each of the covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulted covenant were separately stated in and made a part of this Section 18.

F. Right to Reduce Scope

Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

G. Claims Are Not Defense to Covenants

Franchisee's Representatives expressly agree that the existence of any claim they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 18.

H. Injunctive Relief Available to Franchisor

Franchisee' Representatives acknowledge any failure to comply with the requirements of this Section 18 would cause Franchisor irreparable injury for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of an injunction, without the need of a bond, prohibiting any conduct by Franchisee in violation of the terms of this Section 18. Franchisor may further avail itself of any legal or equitable rights and remedies under this Agreement or otherwise.

I. Non-Disparagement

Franchisee' Representatives expressly agree that they shall not, at any time, either orally or in writing or through any medium, or any other form of communication, (i) disparage, defame, impugn or otherwise damage or assail the reputation, integrity or professionalism of Franchisor's Representatives, franchisees of Franchisor, or any of their Representatives, or (ii) encourage any of Franchisor's franchisees to abandon their franchise, not pay fess to Franchisor or not support Franchisor or any of its programs in any way.

19 TAXES, PERMITS, AND INDEBTEDNESS

A. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed against the School, including unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the School's business. Franchisee shall promptly pay when due all taxes assessed on Franchisor regarding the operation of the School, except for income tax. In the event gross receipts tax or other tax (other than income taxes) which is based on Gross Sales, receipts, sales, business activities or operation of the School is imposed upon Franchisor by any taxing authority, then the Franchisee will reimburse Franchisor in an amount equal to the amount of such taxes and related costs imposed upon and paid by Franchisor.

B. Franchisee May Contest Tax Assessment

In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assents of the School.

20 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify Franchisor in writing immediately of the commencement of any investigation, inquiry, action, suit or proceeding against Franchisee or of the issuance of any subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation, reputation or financial condition of the School, including any criminal action or any proceeding brought by Franchisee against its employees, Customers or other persons who are associated or affiliated with Franchisee.

B. No Fiduciary Relationship

It is understood and agreed by Franchisee and Franchisor this Agreement does not constitute a fiduciary relationship. Franchisee is an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose.

C. Franchisee is an Independent Contractor

Franchisee shall at all times hold itself out to the public as an independent contractor operating its business pursuant to a Franchise from Franchisor. Franchisee shall conspicuously identify itself in all dealings with its Customers, employees, contractors, suppliers, public officials and others, as an independent Franchisee of Franchisor; and shall place such notice of independent ownership on all business forms, business cards, stationery, advertising, signs and other materials, as Franchisor may specify in the Manuals. Except as otherwise expressly authorized by this Agreement, neither Franchisee nor Franchisor shall make any express or implied agreements, warranties, guarantees or representations; or incur any debt in the name of or on behalf of the other party, or represent the relationship between Franchisor and Franchisee is other than that of Franchisor and Franchisee. Franchisor does not assume any liability, and shall not be deemed liable, for any agreements, representations or warranties made by Franchisee, which are not expressly authorized under this Agreement. Franchisor shall not be obligated

for any damages to any person or property, which directly or indirectly arise from or are related to the operation of the School. Franchisee shall file its own tax, regulatory and payroll reports with respect to its employees and operations.

D. Franchisor Not Liable for Acts of Franchisee

Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Franchisor shall not be liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in its conduct of the School's business or any claim or judgment arising against Franchisee. Franchisee shall indemnify and hold harmless Franchisor's Representatives against any acts, omissions or claims arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the School, as well as the costs, including attorneys' fees, incurred in defending same.

E. Indemnification

Franchisee agrees at all times to defend at Franchisee's expense, and agrees to indemnify and hold harmless to the fullest extent permitted by law, Franchisor's Representatives from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, which arises out of the School or, including, but not limited to, the following:

1. Franchisee's infringement or any other alleged violation of any patent, trademark, or other proprietary right that is owned or controlled by Franchisor.

2. Franchisee's alleged violation of any law, regulation or ordinance, or any directive or any industry standard.

3. Franchisee's libel, slander or any other form of defamation.

4. Franchisee's alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement.

5. Any acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives.

6. Any services provided by Franchisee related to the operation of the School.

7. Any injury that arises out of the services provided by Franchisee.

8. Any employment related matters involving Franchisee's employees.

21 WAIVER

No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition, and no custom practice of the parties at variance with the terms, shall constitute a waiver of Franchisor's right to demand exact compliance with any such terms. Waiver by Franchisor of any particular default by Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants, affect or impair Franchisor's right to exercise same; nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22 ENFORCEMENT

A. Choice of Law and Venue

This Agreement shall be deemed to have been made in the Commonwealth of Virginia and shall be construed according to the laws of that state. Franchisee acknowledges that Franchisor operates a nationwide franchise system, with franchisees located in numerous states. Accordingly, Franchisor and Franchisee hereby agree that in view of the fact that substantially all of the books, records and business personnel of Franchisor are located in Glen Allen, Virginia, and in order to minimize disruption or interference with operation of the franchise system as a whole, Franchisee irrevocably agrees as follows:

The sole jurisdiction and venue for any and all court proceedings arising from or relating in any manner to any dispute of any kind or nature whatsoever between Franchisor and Franchisee, and their respective Affiliates and Representatives arising out of, relating to, concerning, or referencing this Agreement, shall be in, and only in, (i) the General District Court for Henrico County, Virginia or (ii) the United States District Court for the Eastern District of Virginia. Franchisee specifically agrees that such courts shall have personal jurisdiction over Franchisee to enter legal, equitable or injunctive relief.

B. Injunction and Specific Performance

Franchisor shall be entitled without bond to the entry of temporary and permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate of the costs of obtaining such relief, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, and other litigation expenses and travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any such provision.

C. Jury Trial Waiver

Franchisee's Representatives waive their right to trial by jury.

D. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required, or the taking of some other action not required, the prior notice or other action required by such law or rule shall be substituted for the notice of requirements in this Agreement.

E. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees it shall not withhold payments of any Royalty Fees, Advertising Fund contributions or any other amounts of money owed to Franchisor or its Affiliates for any reason, on grounds of the alleged non-performance by Franchisor of any obligation.

F. Rights of Parties Are Cumulative

The rights of Franchisor or Franchisee hereunder are cumulative, and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy, or which Franchisor or Franchisee is entitled by law to enforce.

G. Binding Effect

This Agreement is binding upon Franchisor and Franchisee and their respective heirs, assigns and successors in interest. Any promises made outside of the Disclosure Document and this Franchise Agreement may not be enforceable.

H. Construction

The Recitals of Fact (Section 1) are a part of this Agreement, which, together with Franchisor's Franchise Disclosure Documents, any other agreements or instruments referred to or which relate to the purchase or lease by Franchisee from Franchisor of any fixtures, signs, equipment or merchandise, constitutes the entire Agreement of Franchisor and Franchisee. There are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement.

The headings of these several sections and paragraphs are for convenience only and do not define, limit or construe the contents of those sections or paragraphs. Except as expressly provided to the contrary, each section, part, term and provision of this Franchise Agreement is considered severable. If for any reason, any section, part, term or provision is determined to be invalid or contrary to or in conflict with any existing or future law or regulation by a court or agency having competent jurisdiction, such determination shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and provisions of this Franchise Agreement that may remain otherwise intelligible; and the latter shall continue to be given full force and effect and to bind Franchisor and Franchisee. Any sections, parts, terms or provisions determined to be invalid shall be deemed deleted from this Franchise Agreement.

I. Attorneys' Fees

In the event of any legal or administrative proceeding between Franchisor and Franchisee arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and court costs from the other.

J. Modification

This instrument contains the entire Agreement between Franchisor and Franchisee relating to the rights granted and the obligations assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect excepting a subsequent modification in writing and signed by Franchisor and Franchisee. Nothing in this Agreement is intended to waive Franchisee's right to rely upon representations made in Franchisor's Franchise Disclosure Document, its exhibits and amendments, except for terms of this Agreement and agreements executed contemporaneously with it which Franchisee negotiated with Franchisor before their execution.

23 SECURITY INTEREST

A. Franchisee hereby grants Franchisor a Security Interest in accordance with the Uniform Commercial Code of the state in which the School is located (the "UCC"), as security for the full and punctual payment of all of the fees and other amounts due under this Agreement, and the performance of, and compliance with, all of the terms, covenants and agreements contained in this Agreement. Franchisee agrees that any default by Franchisee under this Agreement which continues beyond any applicable cure period will entitle Franchisor to exercise any and all rights and remedies provided under the UCC with respect to any part of the Collateral, including, without limitation, the right to take possession of all personal property subject to this Agreement without the use of judicial process (Franchisee hereby waives

all right to prior notice and a judicial hearing) and the right to require Franchisee to assemble the same at the School or such other place as Franchisor may designate. Any disposition of so much of the Collateral as may constitute personal property will be considered commercially reasonable if made pursuant to a public sale which is advertised at least twice in a newspaper of local circulation in the community where the School is located. Any notice required to be given to Franchisee pursuant to the UCC will be considered reasonable and properly given if given in the manner and at the address provided in Section 24 at least five (5) calendar days prior to the date of any scheduled public sale. All such rights and remedies are cumulative and may be exercised either concurrently or independently of Franchisor's other rights under this Agreement and in such order as Franchisor may determine in its sole and absolute discretion.

B. Franchisee hereby grants Franchisor a security interest in the following property:

1. All of Franchisee's right, title and interest, estate, claim and demand, either at law or in equity, in and to all equipment, machinery, apparatus, fixtures and articles of personal property of every kind and nature whatsoever, located at the School's Premises or now or hereafter ordered for eventual delivery to the School's Premises (whether or not delivered thereto) and all such as are now or hereafter used or usable in connection with any of Franchisee's present or future business operations at the School's Premises and now owned or hereafter acquired by Franchisee, and any and all replacements thereof, additions thereto and substitutions therefor, including, without in any manner limiting the generality of the foregoing, all computer equipment used in the operation of the School; and

2. All of Franchisee's inventory for sale at the School, both now owned and hereafter acquired, whether or not located at the School's Premises, and as the same may now and hereafter from time to time be constituted, together with all cash and non-cash proceeds and products thereof;

3. All proceeds of the conversion, voluntary or involuntary, of any of the Collateral into cash or liquidated claims, including, without limitation, the proceeds of insurance; and

4. All of Franchisee's School's cash and accounts receivable.

24 NOTICES

All notices required by this Agreement shall be written and sent to the notice address specified on the Summary Pages. Notices shall be deemed delivered immediately if delivered by hand, delivered in three (3) days after being placed in the mail (Certified Mail/Return Receipt Requested) postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has on record, or on the second day after being sent by an overnight courier service (e.g. FedEx, UPS, DHL) and scheduled for next day delivery.

25 AUTHORITY

Except as otherwise provided, all references to Franchisee in this Agreement shall be deemed to include, personally and individually, all Franchisee's Representatives, if Franchisee is a Business Entity. All acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee shall be deemed jointly and severally undertaken by them and by all signatories on behalf of Franchisee and by all of Franchisee's Representatives.

26 BUSINESS JUDGMENT

Notwithstanding any contrary provisions contained in this Agreement, Franchisee's Representatives acknowledge and agree that:

A. This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with Franchisee's Representatives explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's Representatives interests;

B. Franchisor shall use its business judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion and benefit of the System and School generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering Franchisee's Representatives individual interests or the individual interests of any other particular franchisee (examples of items that shall promote or benefit the System and School generally include, without limitation, enhancing the value of the Marks, improving customer satisfaction, improving quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System);

C. Franchisor shall have no liability to Franchisee for the exercise of its discretion in this manner; and

D. Even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion.

If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction if challenged for any reason, the parties expressly direct the trier of fact that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

E. In granting approval, designating suppliers or setting standards, Franchisor shall exercise its reasonable business judgment. However, in the exercise of its business judgment, Franchisor shall not be liable to Franchisee's Representatives, Guarantors, Customers, suppliers or anyone else, if Franchisor's exercise of its business judgment results in a business loss, or if the advertising, service or software fails to meet either Franchisor's, Franchisee's or the Customer's expectations. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Franchisee use, purchase, retain or hire pursuant to Franchisor's exercise of its business judgment hereunder.

27 TERRORISTS AND MONEY LAUNDERING ACTIVITIES

Franchisee's Representatives represent and warrant to Franchisor's that none of Franchisee's Representatives is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee's Representatives represent and warrant that none of Franchisee's Representatives has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text currently available at http://www.tres.gov/offices/enforcement/ofac/legal/eo/13224.pdf), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee and its Principals shall immediately

notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

28 SPECIAL REPRESENTATIONS

A. Franchisee has conducted an independent investigation of Franchisor's business System and recognizes the business venture contemplated by this Agreement involves business risks, and that Franchisee's success is largely dependent upon the ability of Franchisee as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges it has not received, any warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Franchisee acknowledges having received, read and understood this Agreement, and Franchisee acknowledges Franchisor has accorded Franchisee the required time and opportunity to consult with advisors about the potential benefits and risks of entering into this Agreement.

C. Franchisee acknowledges receipt of a complete copy of this Agreement, the Attachments referred to, and agreements relating to, if any, at least seven (7) days prior to the date on which this Agreement was executed. Franchisee further acknowledges it has received the Franchise Disclosure Document, required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Disclosure Requirements and Prohibitions Concerning Franchising," at least fourteen (14) days prior to the date on which this Agreement was executed.

D. Franchisee affirms and agrees Franchisor may sell its assets to a third party; may issue shares to the public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from any of the above.

E. The covenants set forth in this Agreement are fair and reasonable, and shall not impose any undue hardship on Franchisee, because Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

F. Franchisee affirms all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information in making its decision to grant this Franchise.

FRANCHISEE ACKNOWLEDGES FRANCHISEE'S SIGNATURE TO THIS FRANCHISE AGREEMENT HAS NOT BEEN INDUCED BY ANY REPRESENTATION INCONSISTENT WITH THE TERMS OF THIS FRANCHISE AGREEMENT OR INCONSISTENT WITH THE FRANCHISE DISCLOSURE DOCUMENT GIVEN TO FRANCHISEE BY FRANCHISOR IN CONNECTION WITH THIS FRANCHISE. THIS FRANCHISE AGREEMENT MAY BE AMENDED ONLY BY WRITTEN INSTRUMENT SIGNED BY ALL PARTIES.

<SIGNATURES ON NEXT PAGE>

FRANCHISOR:

PRISM, LLC

_____ BY:_____
WITNESS MANAGING MEMBER

FRANCHISEE:

_____

_____ BY:_____
WITNESS

_____ BY:_____
WITNESS

_____ BY:_____
WITNESS

SCHEDULE A

TERRITORY

The Territory is defined as: (add map)

Initials: _____ Initials: _____

Date: _____ Date: _____

SCHEDULE B

PERSONAL GUARANTY

WITH _____

DATE OF AGREEMENT: _____

FRANCHISOR: PRISM, LLC

GUARANTOR:

In consideration of, and as an inducement for the granting, execution, and delivery of the foregoing Franchise Agreement between Franchisor and Franchisee, the undersigned (herein and in the Franchise Agreement collectively called the "Guarantor"), hereby guarantees to Franchisor the full and prompt payment of all Fees payable pursuant to the terms of the Franchise Agreement and any and all other sums and charges payable by Franchisee under the Franchise Agreement (hereinafter collectively, referred to as "Fees"), and the Guarantor hereby covenants and agrees to and with Franchisor that, if default shall at any time be made by Franchisee in the payment of any Fees, the Guarantor shall and will forthwith faithfully pay the Fees to Franchisor including, without limitation, all reasonable attorneys' fees and disbursements incurred by Franchisor or caused by the enforcement of this Guaranty.

Guarantor agrees to guarantee the payment, fulfillment and performance of all of the terms, conditions, covenants, obligations, liabilities, and agreements contained in said Franchise Agreement to be fulfilled or performed by Franchisee. Guarantor herein does hereby agree as follows:

1. Guarantor does hereby guarantee the full and complete payment, fulfillment and performance of all of the terms, conditions, covenants, obligations, and liabilities required to be fulfilled or performed by Franchisee under said Franchise Agreement, said guarantee to include, but not be limited to, any and all payments to be made by Franchisee under said Franchise Agreement.

2. Guarantor hereby waives notice of any and all default by Franchisee in the performance, payment of fulfillment of all of the terms, conditions, covenants, obligations, and liabilities to be performed by Franchisee under said Franchise Agreement, and agrees that the waiver by Franchisor of any of its rights against Franchisee and the Franchise Agreement shall not modify, alter, or release the obligations of the Guarantor hereunder.

3. Guarantor hereby agrees that the provisions of this Guaranty shall inure to the benefit of Franchisor, and shall bind its representatives, devisees, grantees, heirs, successors, administrators, and assigns.

4. Guarantor understands and agrees that this Guaranty remains in full force and effect, notwithstanding an assignment of the Franchisee's interest under the Franchise Agreement.

This Guarantor is an absolute and unconditional Guaranty. It shall be enforceable against the Guarantor without the necessity for any suit or proceeding on Franchisor's part of any kind or nature whatsoever against Franchisee, and without the necessity of any notice of non-payment, or of any notice of acceptance of this Guaranty or of any other notice or demand to which the Guarantor might otherwise be entitled, all of which the Guarantor hereby expressly waives; and the Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations hereunder shall in no way be terminated, affected, diminished, or impaired by reason of the assertion or the failure to assert by Franchisor against Franchisee of any of the rights or remedies reserved to Franchisor pursuant to the provisions of the Franchise Agreement.

This Guaranty shall be a continuing Guaranty, and the liability of the Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Franchise Agreement or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Franchise Agreement by Franchisor and Franchisee, or by reason of any dealings or transactions or matter or thing occurring between Franchisor and Franchisee, or by reason of any bankruptcy, insolvency, reorganization, arrangement, assignment, or the benefit of creditors, receivership or trusteeship affecting Franchisee, whether or not notice thereof is given to the Guarantor.

All of Franchisor's rights and remedies under the Franchise Agreement or under this Guaranty are intended to be distinct, separate, and cumulative, and no such right or remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any of the others.

Whenever used in this Guaranty, the terms of Guarantor, Franchisor and Franchisee shall include the respective successors and assigns of the party named as such.

As a further inducement to Franchisor to make and enter into the Franchise Agreement and in consideration thereof, Franchisor and the Guarantor covenant and agree that an action or proceeding brought on, under, or by virtue of this Guaranty, may be instituted in the state in which the Premises are located, and Franchisor and the Guarantor shall and do hereby waive trial by jury. This Guaranty shall be governed by and construed in accordance with the laws of the state of Virginia, the location of the Franchisor.

IN WITNESS WHEREOF, the Guarantor has hereunder set his hand and seal, the day and year first above written, and date of execution of the Franchise Agreement.

IN THE PRESENCE OF: GUARANTOR:

_____ BY: _____
PERSONALLY AND INDIVIDUALLY

NAME: _____

ADDRESS: _____

CITY/STATE/ZIP: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 20_____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say he/she is the person who executed the within and foregoing instrument, and he/she executed said instrument as his/her free act and deed.

_____
Notary Public
My Commission Expires: _____

SCHEDULE C

NON-COMPETE AND NON-DISCLOSURE AGREEMENT

FOR GOOD CONSIDERATION, the undersigned jointly and severally covenant and agree not to directly or indirectly own, operate, be employed by, assist with, advise or otherwise be involved or connected with a "Competitive Business." The term "Competitive Business" means any business or other activity described as a business which operates as a facility that provides the supervision or education of children or that provides services including day care, nursery school, pre-school, kindergarten, before and after school, summer school and camp supervised recreations or education services. This covenant shall extend to the Territory of the present location of the Company located at _____ and (ii) for a radius of TWENTY-FIVE (25) miles of the location of any other operating LEAFSPRING SCHOOL Business or a RAINBOW STATION school business and shall remain in full force and effect for TWENTY-FOUR (24) months from the date you leave employment of the LEAFSPRING SCHOOL business.

In addition, the undersigned jointly and severally covenant and agree not to, at any time or with respect to any location, divulge any "Confidential Information" of the LEAFSPRING SCHOOL business or franchise system, and not to sell, assign, copy, assist or make available to anyone any information that would enable such person to substantially duplicate any portion of a LEAFSPRING SCHOOL business or the franchise system. "Confidential Information" means information relating to the operation of LeafSpring School businesses, including, without limitation, the methods, procedures and specifications described in the LeafSpring School operations manuals, information about suppliers and pricing, business plans, marketing plans, advertising programs and market research.

In the event of any breach, the Company shall be entitled to full injunctive relief without need to post bond, which rights shall be cumulative with and not necessarily successive or exclusive of any other legal rights.

This agreement shall be binding upon and inure to the benefit of the parties, their successors, assigns, and personal representatives.

Signed this _____ day of _____, 20_____.

Witnessed:

_____	_____
Witness	First Party
_____	_____
Witness	Second Party

SCHEDULE D

ASSIGNMENT OF TELEPHONE NUMBER(S) AND EMAIL ADDRESS(ES)

This Assignment relates to:

Name of Franchisee: _____

Address of School: _____

Telephone Number(s): (___) _____; (___)_____ ; (___) _____

Telephone Company: _____

Email Address(es): _____

Email Provider: _____

For valuable consideration, the Franchisee identified above ("Franchisee") assigns and Transfers to PRISM, LLC ("Franchisor") all of Franchisee's rights and interests in each and all of the telephone numbers listed above (the "Numbers and Addresses").

Franchisee authorizes Franchisor to file this Assignment with the vendors that issued the Numbers and Addresses for the purposes of establishing Franchisor's claim to and right to designate the user of the Numbers and Addresses.

Franchisee irrevocably constitutes and appoints Franchisor as Franchisee's agent and attorney-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the vendor requires to Transfer the rights in the Numbers and Addresses from Franchisee to Franchisor or its designee, and (ii) canceling and revoking any instructions Franchisee has issued to the vendor with respect to any of the Numbers and Addresses, with full power to sign Franchisee's name and otherwise to act in Franchisee's name, place and stead.

Franchisee agrees to reimburse Franchisor the full amount of any local service and long distance charges the vendor requires that Franchisor pays to obtain the Numbers and Addresses, together with interest as provided in the parties' Franchise Agreement.

Franchisee represents and warrants to Franchisor that Franchisee obtained the Numbers and Addresses in his, her or its own name, and that Franchisee is the person of record the vendors shall recognize as registered user or "owner" of the Numbers and Addresses.

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE E

LEASE RIDER

This Lease Rider is executed as of this _____ day of _____, 20___, by and between _____ ("Franchisee") and _____, ("Landlord") as a Rider to the lease (as amended, renewed and/or extended from time to time, "the Lease") for the Premises located at _____, state of _____ (the "Location") dated as of _____.

WHEREAS, Franchisee has executed or intends to execute a Franchise Agreement (the Franchise Agreement") with Prism, LLC ("Franchisor"), for the operation of a LeafSpring School at the Location, and as a requirement thereof, the Lease for the Location must include the provisions contained in this Rider; and

WHEREAS, Landlord and Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. The Location only may be used for the operation of a LeafSpring School.

2. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee, but no later than thirty (30) days before a termination of the Lease would become effective.

3. Franchisor shall have the right, but not the obligation, upon giving written notice of its election to Franchisee and Landlord, to enter the Premises to cure any breach of the Lease, and if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

4. Notwithstanding anything to the contrary contained in the Lease, Franchisee shall have the absolute right to sublet, assign or otherwise Transfer its interest in the Lease to Franchisor or its Affiliate, or to a corporation with which Franchisee or Franchisor may merge or consolidate, without Landlord's approval, written or otherwise, and without any increase in rent and without a material change in any other terms of the Lease and without execution of a guarantee of Franchisor's obligations (if any) under the assigned Lease.

5. Franchisee shall, if requested by Franchisor, assign to Franchisor, and Landlord hereby irrevocably and unconditionally consents to such assignment, all of Franchisee's rights, title and interest to and under the Lease upon any termination, or if no Subsequent Franchise Agreement is executed, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a Subsequent Franchise Agreement; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

6. The Lease may not be modified, amended, renewed or extended in any manner or assigned by Franchisee without Franchisor's prior written consent. The Premises may not be altered or modified in any way without Franchisor's prior written consent. Moreover, without Franchisor's prior written consent, the Location may not be sublet, subdivided or used for any purpose other than for the operation of a LeafSpring School.

7. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Paragraphs 3, 4 or 5 above. Franchisor shall assume all of Franchisee's obligations under the Lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

8. If Franchisor assumes the Lease, as above provided, Franchisor may further assign the Lease to another person or entity to operate the LeafSpring School at the Location, subject to Landlord's consent which consent shall not be unreasonably withheld or delayed. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as Franchisor may request.

9. If the Franchise Agreement expires or is terminated, Landlord shall not exercise its right to terminate the Lease and/or to exercise its other remedies under this Lease, unless the Lease is not assumed by Franchisor or its designee within thirty (30) days of the termination or expiration of the Franchise Agreement.

10. If the Lease expires or is terminated for any reason, Franchisor may enter the Premises and remove any signs or other articles bearing any trade names, logos, trademarks or service marks that are part of the LeafSpring School System and de-identify the leased Premises as a LeafSpring School (including, without limitation, removing any LeafSpring School trade dress features and/or fixtures), without legal process and without being guilty of trespass.

11. Landlord and Franchisor may rely upon any notice from either of them regarding the status of the Lease or of the Franchise Agreement; they shall have no duty to perform any independent investigation to verify Franchisee's rights under the Lease or the Franchise Agreement; and, Franchisee agrees to indemnify and hold Franchisor harmless from any and all claims arising out of the Lease and the reliance upon Franchisor's or Landlord's representations regarding Franchisee's status, the status of Franchisor or the status of the Franchise Agreement.

12. Landlord shall make available to Franchisor all information which it collects or produces related to sales of the LeafSpring School and the way in which the LeafSpring School is operated. Franchisee consents to Landlord providing all such information to Franchisor.

13. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at 4451 Cox Road, Suite 310, Glen Allen, Virginia 23060, Attn: President or such other address as Franchisor shall specify by written notice to Landlord.

14. Under the Franchise Agreement, any lease or any modification or renewal of the Lease for the Location of the LeafSpring School is subject to Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

<SIGNATURES ON NEXT PAGE>

LANDLORD: FRANCHISOR:

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

FRANCHISEE:

_____

By:_____

Name:_____

Title:_____

Date:_____

SCHEDULE F

SITE SELECTION ADDENDUM

Prism, LLC ("**Franchisor**") and _____ ("**Franchisee**") have entered into a LeafSpring School Franchise Agreement ("**Franchise Agreement**") with an Effective Date of _____ and wish to supplement its terms as set out below in this Site Selection Addendum (the "**Addendum**"). Franchisor and Franchisee agree as follows:

AGREEMENT

1. **Time to Locate Site**: Within _____ (__) days after the Effective Date, Franchisee agrees to acquire or lease/sublease, at Franchisee's expense, commercial real estate that is properly zoned for the use of the business that Franchisee will conduct under the Franchise Agreement (the "**Franchised Restaurant**") at a site that Franchisor has accepted in writing as provided below.

a. Such location shall be within the following area: _____
_____
_____ (the "**Site Selection Area**").

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchisee's School.

c. Franchisor will not establish, nor franchise another party to establish, a LeafSpring School within the Site Selection Area until the end of the Search Period. The "**Search Period**" means the earlier of: (1) ninety (90) days after the Effective Date or (2) the period from the Effective Date until Franchisor accepts a location for the Franchisee's School. Upon expiration of the Search Period, the protections of this Section 1.c. will expire and Franchise will have no further rights in and to the Site Selection Area than as otherwise provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have accepted in writing) within the time required in Section 1.c. above, that will constitute a default under Section 16.B. of the Franchise Agreement, and Franchisor will have the right to terminate the Franchise Agreement by providing notice to Franchisee without an opportunity to cure.

2. **Site Evaluation Services**: Franchisor will provide Franchisee site selection guidelines and such site selection counseling and assistance as Franchisor may deem advisable. Franchisor will perform such on site evaluations as Franchisor may deem advisable in response to Franchisee's requests for site acceptance; provided, however, that Franchisor will not provide on site evaluation for any proposed site before Franchisor has received from Franchisee all information about the proposed site required by Franchisor.

3. **Site Selection Package Submission and Acceptance**: Within one hundred eighty (180) days after signing this Addendum, Franchisee must submit to Franchisor, in the form that Franchisor specifies: (a) a completed site acceptance form (in the form that Franchisor requires); (b) such other information or materials that Franchisor may reasonably require; and (c) an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for acquiring or leasing the site. **Franchisee acknowledges that time is of the essence.** Franchisor will have thirty (30) days after receipt of all such information and materials to accept or refuse to accept the proposed site. Franchisor has sole

discretion to accept or refuse to accept any such site. If Franchisor does not accept a proposed site by giving Franchisee written notice within the thirty (30) day period, then Franchisor will be deemed to have refused to accept the site.

4. **Accepted Location**: After Franchisor has accepted the location for the Franchisee's School, the location shall constitute the **Accepted Location.** Franchisor will have the right to insert the address into the Summary Pages of the Franchise Agreement and to insert the Territory into Schedule A of the Franchise Agreement.

a. Franchisee hereby acknowledges and agrees that Franchisor's acceptance of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for Franchisee's School or for any other purpose. Franchisor's acceptance of the site indicates only that Franchisor believes the site complies with Franchisor's minimum acceptable criteria solely for Franchisor's own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's acceptance of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that Franchisor used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control.

b. Franchisor is not responsible for the failure of a site to meet Franchisee's expectations as to revenue or operational criteria.

c. Franchisee is proceeding with the site for the operation of the Franchisee's School based on Franchisee's own independent investigation of the suitability of the site.

6. **Construction**: This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum effective as of the Addendum Date referenced below.

PRISM, LLC	_____
	Franchisee
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Addendum Date: _____	

LEAFSPRING SCHOOLS

EXHIBIT C

FINANCIAL STATEMENTS

PRISM, LLC

Report on Financial Statements

For the years ended December 31, 2018 and 2017

PRISM, LLC
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Independent Auditor's Report

To the Members
PRISM, LLC
Glen Allen, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of PRISM, LLC (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed on the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Richmond, Virginia
April 3, 2019

PRISM, LLC

Balance Sheets

As of December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash	$ 333,338	$ 459,070
Royalties receivable, net	161,843	178,573
Franchise fees receivable	15,000	90,000
Prepaid expenses and other current assets	30,096	4,079
Total current assets	540,277	731,722
Property and equipment, net	2,815	9,661
Other assets		
Due from related parties	163,154	181,179
Intangible assets	119,562	119,562
Total other assets	282,716	300,741
Total assets	$ 825,808	$ 1,042,124
Liabilities and Members' Equity		
Current liabilities		
Accrued expenses	$ 132,002	$ 109,016
Accounts payable	3,590	2,803
Total current liabilities	135,592	111,819
Long-term liabilities		
Deferred revenue	230,000	230,000
Due to LeafSpring School, LLC	325,498	639,168
Total long-term liabilities	555,498	869,168
Total liabilities	691,090	980,987
Members' equity	134,718	61,137
Total liabilities and members' equity	$ 825,808	$ 1,042,124

See Notes to Financial Statements

PRISM, LLC

Statements of Operations and Changes in Members' Equity

For the years ended December 31, 2018 and 2017

	2018	2017
Revenues		
Franchise fees	$ -	$ 130,000
Royalties	1,591,602	1,344,704
Conference sponsorships	4,450	3,300
Interest and other income	2,955	3,850
Total revenues	1,599,007	1,481,854
General and administrative expenses	1,320,936	1,109,095
Net income	278,071	372,759
Members' equity, beginning of year	61,137	(148,862)
Equity-based compensation	13,045	26,086
Distributions to members	(217,535)	(188,846)
Members' equity, end of year	$ 134,718	$ 61,137

See Notes to Financial Statements

PRISM, LLC

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Net income	$ 278,071	$ 372,759
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,846	7,971
Equity-based compensation	13,045	26,086
Bad debt expense	86,866	46,205
Changes in operating assets and liabilities:		
Royalties receivable	(70,136)	(79,220)
Franchise fees receivable	75,000	(75,000)
Prepaid expenses and other current assets	(26,017)	10,510
Accounts payable and accrued expenses	23,773	47,534
Deferred revenue	-	41,250
Due to LeafSpring School, LLC	(313,670)	255,776
Net cash provided by operating activities	73,778	653,871
Cash flows from investing activities		
Payments received from (advances to) related parties	18,025	8,882
Costs of intangible assets	-	(119,562)
Purchases of property and equipment	-	(1,738)
Net cash used in investing activities	18,025	(112,418)
Cash flows from financing activities		
Distributions to members	(217,535)	(188,846)
Net cash used in financing activities	(217,535)	(188,846)
Net change in cash and cash equivalents	(125,732)	352,607
Cash and cash equivalents - beginning of year	459,070	106,463
Cash and cash equivalents - end of year	$ 333,338	$ 459,070

See Notes to Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business:

PRISM, LLC ("PRISM") was formed as a limited liability company under Virginia law in 1999. Its primary business activity is the sale and support of "LeafSpring School" franchises (formerly Rainbow Station). LeafSpring School franchises are fully accredited, licensed, comprehensive early childhood care and education facilities offering developmentally appropriate preschool and afterschool programs, as well as professional nursing services for mildly/chronically ill children. The franchises employ a professional staff of early childhood educators and pediatric nurses.

Basis of accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") as determined by the Financial Statement Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Revenue recognition:

Revenue from the initial sale of franchises is recognized when substantially all significant services to be provided to the franchisee have been performed. Initial franchise fees attributable to services to be provided by the Company that have not yet been performed are deferred. To cover ongoing franchisee support services, each franchisee enters into a royalty agreement whereby the Company is entitled to receive a specified percentage of franchise revenues. These royalty fees are recognized in the period in which they are earned.

Receivables:

The Company establishes an allowance for doubtful accounts and records bad debt expense as receivables are deemed potentially uncollectible based upon a periodic review of the accounts. All amounts were considered to be collectible and thus no allowance was recorded as of December 31, 2018 or 2017.

Property and equipment:

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Upon retirement or sale of an asset, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Intangible assets:

Intangible assets consist of costs incurred in the rebranding to LeafSpring School during 2017. Amounts are recorded at cost and have indefinite lives. Indefinite-lived intangible assets are tested annually for impairment. Losses, if any, resulting from impairment testing are reflected in operations. No impairment loss was recognized for the year ended December 31, 2018.

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

Credit risk:

The Company maintains its cash in financial institutions with balances that periodically exceed federally insured limits.

Income taxes:

The Company is treated as a partnership for federal and state income tax purposes, and its members report their respective share of the Company's taxable income or loss on their individual income tax returns. Accordingly, no provision or liability for income taxes has been included in the accompanying financial statements.

The Company applies FASB guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Company's financial statements. The Company has completed its assessment and determined that there were no tax positions which would require recognition under the guidance as of December 31, 2018. Tax returns subsequent to 2015 are open for examination.

Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

Pending accounting pronouncements:

In May 2014, the FASB issued an accounting standards update (ASU) that replaces all existing revenue recognition guidance in current U.S. GAAP. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard achieves this through a five step process. The ASU is effective for the Company's annual reporting periods beginning January 1, 2019. The Company does not believe that this ASU will have a significant impact on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. The new lease guidance requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under GAAP. The new lease guidance is effective for fiscal years beginning after December 15, 2019. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Note 2. Franchise Agreements

The following table presents the number of franchise outlets and company-owned schools open and under development at December 31:

Franchise outlets:	2018	2017
In operation (includes one company-owned store)	12	12
Under development	8	8
Total	20	20

All franchisees enter into a franchise agreement with the Company. Each agreement has a stated initial term, which is generally 15 years. Upon signing the agreement, each franchisee is required to pay a full initial franchise fee for a location that is to be developed immediately and $25,000 per location for the development rights to develop future locations in their defined geographic territory. Upon expiration of the initial term, the franchisee is required to sign a new 15-year franchise agreement and pay a renewal fee of 10% of the current franchise fee. The franchise fee payments provide the franchisee with the exclusive use of LeafSpring School trademarks, the LeafSpring School system and training. If the franchisee does not successfully complete initial training to management's satisfaction, the Company will refund one-half of the franchise fee and terminate the franchise. At December 31, 2018 and 2017, the Company had deferred $230,000 of initial franchise fees. Franchise fees of $130,000 were recognized in 2017.

Note 3. Property and Equipment

Property and equipment consist of the following major classifications as of December 31:

	2018	2017
Computer equipment	$ 7,883	$ 7,883
Furniture and fixtures	14,808	14,808
Software	21,468	21,468
Website	32,885	32,885
	77,044	77,044
Less: accumulated depreciation and amortization	(74,229)	(67,383)
Total property and equipment, net	$ 2,815	$ 9,661

Depreciation and amortization expense totaled $6,846 and $7,971 for the years ended December 31, 2018 and 2017.

Note 4. Related Party Transactions

At December 31, 2018 and 2017, the Company had advanced $163,154 and $181,179, respectively, to entities and individuals which are related through common ownership. The advances have no set repayment terms.

The Company shares facilities, personnel and other office expenses with LeafSpring, LLC. Shared costs allocated to the Company were $560,677 and $614,948 in 2018 and 2017. These shared costs were offset by the payment of royalties totaling $224,323 from LeafSpring, LLC beginning in January 2018. At December 31, 2018 and 2017, the Company had payables to LeafSpring, LLC in the amount of $325,498 and $639,168, respectively.

Note 4. Related Party Transactions, Continued

The related entities have irrevocably committed and agreed that they will not demand payment of the related principal or accrued interest prior to January 1, 2020.

Note 5. Members' Equity

Pursuant to an Amended and Restated Operating Agreement dated January 1, 2016, the Company established one equal class of members, the Historic Members. The three Historic Members hold membership interests of 70%, 20% and 10%, respectively, at December 31, 2018, after consideration of full vesting of the equity based compensation discussed below.

Note 6. Equity-Based Compensation

Pursuant to an Award Agreement dated January 1, 2016, the Company granted eight profits units and twelve common units to a member and executive representing a 20% ownership interest in the Company. The units had a fair value on the grant date of $5,435 per unit and vest ratably over a period of three years in exchange for services and other consideration provided by the recipient. Four common units vested on June 30, 2018 and 2017, resulting in a total of twelve vested common units as of December 31, 2018. Under the fair-value-based method, compensation cost for the equity awards is measured at the grant date based on the value of the award and is recognized as an expense in the statement of operations over the service period, which is typically the vesting period, with an offsetting increase to members' equity. The Company has recognized related compensation expense in the statement of operations totaling $13,045 and $26,086 for 2018 and 2017.

Note 7. Commitments and Contingencies

Pursuant to the Amended and Restated Operating Agreement, the Company is to indemnify its members against any losses, judgements, liabilities, expenses and amounts paid in settlement of any claims sustained by a member in connection with the Company, provided that the actions were not a result of misconduct on the part of the member and were the result of a course of conduct which the members, in good faith, determined was in the best interest of the Company.

The Company leases a vehicle under an operating lease agreement expiring June 23, 2021. Lease payments are fixed at $825 per month.

Note 8. Subsequent Events

Management has evaluated subsequent events through April 3, 2019, the date the financial statements were available for issuance.

PRISM, LLC

Schedule of General and Administrative Expenses

For the years ended December 31, 2018 and 2017

	2018	2017
Salaries, payroll taxes and benefits	$ 794,306	$ 639,223
Facility costs	125,068	121,220
Professional fees	68,679	62,241
Web services	46,558	49,121
Bad debts	86,866	46,205
Office expense	43,385	42,034
Conferences	25,797	30,968
Equity-based compensation expense	13,049	26,086
Travel	17,089	24,705
Marketing and public relations	38,032	19,136
Auto expense	22,081	13,984
Insurance	12,607	12,354
Depreciation and amortization	6,846	7,971
Meals and entertainment	4,046	5,965
Dues and subscriptions	9,476	4,579
Licenses and permits	3,384	1,891
Contributions and gifts	1,034	742
Advertising	2,354	392
Bank and finance charges	279	278
	$ 1,320,936	$ 1,109,095

PRISM, LLC

Consolidated Financial Statements

December 31, 2016, 2015 and 2014

Keiter
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PRISM, LLC

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of PRISM, LLC
Glen Allen, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PRISM, LLC and a consolidated affiliate (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016, 2015 and 2014, and the related consolidated statements of operations and members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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 auditor's 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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PRISM, LLC and a consolidated affiliate as of December 31, 2016, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

April 17, 2017
Glen Allen, Virginia

PRISM, LLC

Consolidated Balance Sheets
December 31, 2016, 2015 and 2014

Assets	2016	2015	2014
Current assets:			
Cash	$ 112,537	$ 13,919	$ 28,663
Royalties receivable, net	143,393	90,582	113,220
Notes receivable - current portion	29,164	41,014	58,387
Due from related party - current portion	-	54,546	83,800
Prepaid expense	14,589	759	11,140
Total current assets	299,683	200,820	295,210
Property and equipment:			
Computer equipment	8,240	8,240	6,866
Furniture and fixtures	14,808	14,808	14,102
Software	21,468	21,468	21,468
Website	32,885	32,885	32,885
	77,401	77,401	75,321
Accumulated depreciation	(61,507)	(51,241)	(39,013)
Net property and equipment	15,894	26,160	36,308
Other assets:			
Due from related parties	77,112	40,051	80,227
Deferred costs	40,000	40,000	-
Notes receivable, net	507,419	545,843	584,462
Total other assets	624,531	625,894	664,689
	$ 940,108	$ 852,874	$ 996,207
Liabilities and Members' Equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 64,285	$ 30,618	$ 78,738
Deferred rent	-	449	5,841
Total current liabilities	64,285	31,067	84,579
Long-term liabilities:			
Deferred revenue	213,750	253,750	210,000
Due to related parties	528,308	392,064	470,524
Total long-term liabilities	742,058	645,814	680,524
Total liabilities	806,343	676,881	765,103
Members' equity	133,765	175,993	231,104
	$ 940,108	$ 852,874	$ 996,207

See accompanying notes to consolidated financial statements.

PRISM, LLC

Consolidated Statements of Operations and Members' Equity
Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Revenues:			
Franchise fees and royalties	$ 1,212,530	$ 1,112,646	$ 1,054,387
Conference sponsorships	-	18,463	21,417
Interest and other income	51,194	54,422	59,780
Total revenues	1,263,724	1,185,531	1,135,584
General and administrative expenses	1,126,216	1,134,055	1,008,222
Net income	137,508	51,476	127,362
Members' equity, beginning of year	175,993	231,104	386,809
Redemption of member interests	-	(14,080)	-
Common units earned	26,086		
Distributions to members	(205,822)	(92,507)	(283,067)
Members' equity, end of year	$ 133,765	$ 175,993	$ 231,104

See accompanying notes to consolidated financial statements.

PRISM, LLC

Consolidated Statements of Cash Flows
Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 137,508	$ 51,476	$ 127,362
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	10,266	12,228	13,440
Common units earned	26,086	-	-
Changes in operating assets and liabilities:			
Royalties receivable	(52,811)	22,638	(22,532)
Franchise fees receivable	-	-	2,209
Prepaid expenses and other current assets	(13,830)	10,381	(4,824)
Deferred costs	-	(40,000)	-
Accounts payable	33,667	(48,120)	17,482
Deferred revenue	(40,000)	43,750	(50,000)
Deferred rent and other current liabilities	(449)	(5,392)	(5,391)
Net cash provided by operating activities	100,437	46,961	77,746
Cash flows from investing activities:			
Payments received from (advanced to) related parties	17,485	68,278	(29,313)
Amounts received (advanced) on notes receivable	50,274	55,992	(21,625)
Purchase of property and equipment	-	(2,080)	(26,563)
Net cash provided by (used in) investing activities	67,759	122,190	(77,501)
Cash flows from financing activities:			
Payments received from (made to) related parties	136,244	(78,460)	157,957
Redemptions from members	-	(14,080)	-
Distributions to members	(205,822)	(91,355)	(138,734)
Net cash used in financing activities	(69,578)	(183,895)	19,223
Net increase (decrease) in cash	98,618	(14,744)	19,468
Cash, beginning of year	13,919	28,663	9,195
Cash, end of year	$ 112,537	$ 13,919	$ 28,663
Supplemental disclosure of cash flow information:			
Noncash transactions:			
Distribution to members of advances due from affiliate	$ -	$ 1,152	$ 144,333
Interest received on notes receivable	$ 9,501	$ 9,501	$ 21,405

See accompanying notes to consolidated financial statements.

PRISM, LLC

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies:

Description of Business: PRISM, LLC ("PRISM") was formed as a limited liability company under Virginia law in 1999. Its primary business activity is the sale and support of "Rainbow Station" franchises. Rainbow Station® franchises are fully accredited, licensed, comprehensive early childhood care and education facilities offering developmentally appropriate preschool and afterschool programs, as well as professional nursing services for mildly/chronically ill children. The franchises employ a professional staff of early childhood educators and pediatric nurses.

Basis of Accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Principles of Consolidation and Basis of Presentation for Variable Interest Entities: The Company follows FASB guidance related to the consolidation of variable interest entities. This guidance requires identification of PRISM's participation in variable interest entities, which are defined as entities with a level of invested equity that is not sufficient to fund future activities to permit them to operate on a stand-alone basis, or whose equity holders lack certain characteristics of a controlling financial interest. Under the guidance, PRISM consolidates with a related entity.

The majority member of PRISM is a partial owner of Tract No. 6, LLC, a real estate entity that developed a site for a franchise location. Upon development of the site, Tract No. 6, LLC sold the property to a franchisee and took a note for partial payment of the property (see note 3). The accompanying consolidated financial statements include the accounts of PRISM and Tract No. 6, LLC (collectively, the "Company"). All significant intercompany transactions and accounts have been eliminated.

Revenue Recognition: Revenue from the initial sale of franchises is recognized when substantially all significant services to be provided to the franchisee have been performed. Initial franchise fees attributable to services to be provided by the Company that have not yet been performed are deferred. To cover ongoing franchisee support services, each franchisee enters into a royalty agreement whereby the Company is entitled to receive a specified percentage of franchise revenues. These royalty fees are recognized in the period in which they are earned.

Royalties Receivable: The Company establishes an allowance for doubtful accounts and records bad debt expense as receivables are deemed potentially uncollectible based upon a periodic review of the accounts. As of December 31, 2016, there was a $20,000 allowance for potentially uncollectible royalty receivables. All amounts were considered to be collectible and thus no allowance was recorded as of December 31, 2015 and 2014.

1. Summary of Significant Accounting Policies, Continued:

Income Taxes: The Company is treated as a partnership for federal and state income tax purposes, and its members report their respective share of the Company's taxable income or loss on their individual income tax returns. Accordingly, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

The Company applies FASB guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Company's consolidated financial statements.

In accordance with the guidance, the Company discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Company's position and records unrecognized tax benefits or liabilities for known or anticipated tax issues based on the Company's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Company has completed its assessment and determined that there were no tax positions which would require recognition under the guidance. The Company is not under audit by any tax jurisdiction.

Property and Equipment: Property and equipment are stated at cost. Major repairs and betterments are capitalized, and normal maintenance and repairs are charged to expense as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets, which range from three to five years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Website Development Costs: Costs incurred for the strategic planning and conceptual development of the Company's website are expensed as incurred. Costs incurred for the implementation and development of the Company's website after completion of the strategic planning and development stage are capitalized and amortized over a period of five years.

Notes Receivable: The Company records the notes receivable at their estimated net realizable value based upon their originally stated interest rate. One of the Company's notes is stated at face value, less a discount to provide a yield equal to the note's originally stated interest rate. The discount on the note is accreted to interest income over its term. The Company evaluates the notes receivable for credit losses and records an allowance as considered necessary.

1. Summary of Significant Accounting Policies, Continued:

Impairment of Long-Lived Assets: The Company has implemented FASB guidance which requires the Company under certain circumstances to review long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, the recorded amounts of the assets will be reduced to their fair value. No impairments were identified in 2016, 2015 and 2014.

Advertising Expenses: The Company expenses advertising costs as they are incurred. Advertising expense amounted to $1,500 in 2016, $100 for 2015, and $375 for 2014.

Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

Pending Accounting Pronouncements:

Revenue Recognition: In May 2014, the FASB issued new guidance over revenue recognition which eliminates all transaction and industry-specific accounting principles and replaces them with a unified, five-step approach. The new standard will be effective for periods beginning after December 15, 2018, and will permit the use of either the retrospective reporting for previous periods or the cumulative effect transition method. The Company is currently evaluating the reporting and economic implications of the new standard.

Leases: In February 2016, the FASB issued new guidance over leases that requires that all leasing activity with initial terms in excess of twelve months to be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance or an operating lease, based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2019, and will require entities to use a modified retrospective approach to the earliest period presented. The Company is currently evaluating the reporting and economic implications of the new standard.

1. Summary of Significant Accounting Policies, Continued:

Subsequent Events: Management has evaluated subsequent events through April 17, 2017, the date the financial statements were available for issuance. Management discloses that a franchisee opened a new location in January 2017 in Indianapolis, Indiana.

2. Franchise Agreements:

Following is a summary of the number of franchise outlets during 2016, 2015 and 2014.

	2016	2015	2014
Franchised outlets:			
In operation	10	8	8
Not in operation	6	8	7
Total	16	16	15

All franchisees enter into a franchise agreement with the Company. Each agreement has a stated initial term, which is now generally 15 years. Upon signing the agreement, each franchisee is required to pay a full initial franchise fee for a location that is to be developed immediately and 50% of the full franchise fee for the development rights to develop future locations in the territory. Upon expiration of the initial term, the franchisee is required to sign a new 15-year franchise agreement and pay a $5,000 renewal fee. The franchise fee payments provide the franchisee with the exclusive use of Rainbow Station® trademarks, the Rainbow Station system and training. If the franchisee does not successfully complete initial training to management's satisfaction, the Company will refund one-half of the franchise fee and will terminate the franchise. At December 31, 2016, 2015 and 2014, the Company had deferred $213,750, $253,750 and $210,000, of initial franchise fees at each date, respectively. Franchise fees of $30,000 and $50,000 were recognized in 2016 and 2014, respectively, and no franchise fees were recognized in 2015. Franchise agreement renewal fees of $20,000 were recognized in 2016 for two schools in Richmond, Virginia, one school in Charlotte, North Carolina, and one school in Austin, Texas. No franchise agreements were renewed in 2015 or 2014.

In May 2016, an affiliate owner of an existing location in Richmond, Virginia, agreed to sell the operation. There was no franchise fee associated with the transaction.

In August 2015, the Company entered into an agreement with a franchisee to develop a location to be determined. The initial franchise fee totaled $43,750. Since the franchise has not yet opened, the entire fee is deferred at December 31, 2016, and 2015. Associated with this agreement, the Company incurred $50,000 in commission expense related to the sale of the franchise. During 2015, $10,000 was expensed while the remaining commission expense was deferred until the franchise fee is recognized. As of December 31, 2016, and 2015, $40,000 is included in deferred costs in the accompanying Consolidated Balance Sheets.

2. Franchise Agreements, Continued:

In March 2013, the Company entered into an agreement with a franchisee to develop a location in Indianapolis, Indiana. The initial franchise fee totaled $80,000. Since the franchise had not yet opened, the entire fee was deferred at December 31, 2016, 2015 and 2014. The location was opened in January 2017, and the franchise fee will be recognized in 2017.

In 2008, the Company entered into an agreement with a franchisee to develop one location in Raleigh, North Carolina. The initial fee totaled $50,000 and was deferred. The franchisee did not develop the location, and the operation never opened. In 2014, the Company determined the franchisee had waived all rights and recognized the franchise fee in the income statement.

In 2006, the Company entered into an agreement with a franchisee to develop three locations (one in Charlotte, North Carolina, and two locations to be subsequently identified). The initial fee with this agreement totaled $100,000. One location was opened in 2008 and the Company recognized revenue of $50,000 during 2008. The second location was identified in 2016 as Stallings, North Carolina. However, since the additional two locations have not yet opened, the remaining $50,000 was deferred at December 31, 2016, 2015 and 2014.

In 2005, the Company entered into an agreement with an existing franchisee to develop two additional locations in San Antonio, Texas. The initial fee with this agreement totaled $45,000. The franchisee opened one location in 2013 and franchise fee revenue of $30,000 was recognized in 2013. Since the additional location has not yet opened, the remaining $15,000 was deferred at December 31, 2016, 2015 and 2014.

In 2005, the Company entered into an agreement with a franchisee to develop two locations in Austin, Texas. The initial fees with this agreement totaled $75,000. One location was opened in 2008 and the franchise fee revenue of $50,000 was recognized in 2008. Since the additional location has not yet opened, the remaining $25,000 was deferred at December 31, 2016, 2015 and 2014.

In 2004, the Company entered into an agreement with a franchisee to develop two locations in the greater Richmond, Virginia area. The initial fee with this agreement totaled $45,000. One location was opened in 2007 and the franchise fee revenue of $30,000 was recognized in 2007. In 2006, the Company entered into an agreement with the same franchisee to develop a third location in the greater Richmond, Virginia, area. The initial fee with this agreement totaled $25,000. In 2015, the franchisee waived its rights to the third location. The Company and the franchisee agreed to apply $15,000 of the $25,000 fee to the franchise fee for the second location upon opening and $5,000 for the renewal fee for each of the two locations. Franchise fees of $40,000 in total were deferred at December 31, 2015 and 2014. The second location was opened in November 2016, and the two franchise renewal agreements were signed. The franchise fee of $30,000 for the second location and franchise renewal fees of $10,000 in total were recognized in 2016.

3. Notes Receivable:

In connection with the opening of the Virginia Beach franchise, the Company sold certain property held for development by Tract No. 6, LLC for total consideration of $5,200,000 during 2007. As part of the consideration for the sale of the property, the franchisee issued a note payable to the Company in the amount of $570,000. The note accrued interest at the rate of 8.00% and payments were deferred until July 13, 2012, when monthly payments were to be made based upon a 20-year amortization schedule. During 2010, the Company retroactively reduced the interest rate on the note to 5.24% and recorded a discount in the amount of $153,134 on the loan. Interest income in the amount of $12,008 was accrued and added to the outstanding principal balance during 2014.

Outstanding balances on the note receivable at December 31, 2016, 2015 and 2014, were as follows:

	2016	2015	2014
Face value	$ 634,840	$ 658,169	$ 702,391
Discount	(98,257)	(107,758)	(117,259)
Carrying value	$ 536,583	$ 550,411	$ 585,132

Future principal maturities of notes receivable were as follows as of December 31, 2016:

2017	$ 29,164
2018	28,428
2019	29,954
2020	31,561
2021	33,255
Thereafter	482,478
	634,840
Discount on notes receivable	(98,257)
Notes receivable, net	$ 536,583

During 2009, the Company reached an agreement with a franchisee to defer a portion of royalties due in 2009. Under the terms of the agreement, interest was to accrue on the outstanding balance at the rate of 8% beginning March 1, 2010. In January 2011, the Company reduced the interest rate to 5.24% and extended the terms of the agreement and provided for additional deferral of royalty payments through December 2011. On January 1, 2012, the Company further modified its agreement with the franchisee such that the franchisee will pay all current royalties and in addition pay a minimum amount each month until all outstanding amounts, including interest, are repaid. As of December 31, 2015, and 2014, balances of $56,446 and $77,717, respectively, were due under the

3. Notes Receivable, Continued

terms of the agreement with the balance scheduled to be paid in full by the end of 2019. In June 2016, the franchisee paid the Company $43,000 with the $5,842 difference treated as a discount for early payment.

4. Related Party Transactions:

At December 31, 2016, 2015 and 2014, the Company had advanced $77,112, $40,051 and $80,227, respectively, to entities and individuals which are related through common ownership. The advances have no set repayment terms.

At December 31, 2016, 2015 and 2014, the Company had payables to related entities and a member of the Company in the aggregate amounts of $528,308, $392,064 and $470,524, respectively, which have been offset against related advances and presented as a net payable in the accompanying consolidated balance sheets. The related entities have irrevocably committed and agreed that they will not demand payment of the related principal or accrued interest prior to January 1, 2018.

During 2015 and 2014, the Company distributed certain non-cash advances due from affiliates aggregating $1,152 and $144,333, respectively, to certain members as a return of capital.

The Company shares facilities, personnel and other office expenses with an affiliate. Shared costs allocated to the Company were $659,003 in 2016, $601,369 in 2015 and $380,531 in 2014. During 2010, a related entity transferred the costs and benefits of certain vehicle leases to the Company. The Company recorded expenses associated with these leases approximating $9,454 in 2016, $9,454 in 2015 and $9,200 in 2014.

During 2012 and 2011, the Company accrued royalties and operating expenses from an entity under common ownership. As of December 31, 2015, the entity owed the Company $54,546 which was recorded as due from related party – current portion. As of December 31, 2014, the entity owed the Company $131,441, of which $83,800 was recorded as due from related party – current portion. The outstanding balance due was paid in full in September 2016. Effective December 31, 2010, the Company executed a deferred royalty agreement, in which royalties were deferred through May 1, 2011, when payments of current and past royalties commenced.

Effective January 1, 2012, the entity described in the preceding paragraph entered into a franchise agreement with PRISM. In connection with the execution of the franchise agreement, the entity entered into a management agreement with a related party of the Company to operate the franchise. Under the agreement, the management company paid a fee equivalent to royalties to the entity, of which half was paid as a royalty to PRISM and half was used to repay amounts due to PRISM and other affiliates. Payments used to reduce the outstanding balance due PRISM amounted to $54,546 for 2016, $76,895 for 2015 and $81,408 for 2014.

5. Members' Equity:

Pursuant to an Operating Agreement from June 18, 1999, PRISM had two classes of member interests. All voting rights were vested in Class A members. Class B members shared in profits and losses of PRISM, but generally had no vote in its operations.

PRISM could issue Class B membership interests for up to a 30% aggregate ownership of the Company to officers, managers, employees or other consultants of the Company. Each Class B interest was subject to vesting as follows: 10% on the date of issuance, plus 10% annually for the next four years, subject to a maximum vesting of 50%, except in the event of death or a merger or sale of PRISM's assets, in which case ownership was 100% vested. Had a Class B member terminated employment, PRISM had the right, but not the obligation, to acquire the Class B interest at a price determined by the Operating Agreement. The Class B members held an ownership interest of 20% at December 31, 2014. During 2015, PRISM acquired the outstanding membership interests of one Class B member totaling 10% for $14,080. One Class B member held an ownership interest of 10% at December 31, 2015.

Pursuant to an Amended and Restated Operating Agreement from January 1, 2016, the Company established one equal class of members, the Historic Members. The three Historic Members held membership interests of 70%, 20% and 10%, respectively, at December 31, 2016.

6. Equity-Based Compensation:

Pursuant to an Award Agreement from January 1, 2016, the Company granted eight profits units and twelve common units to a member and executive. The common units vest ratably over a period of three years in exchange for services and other consideration provided by the recipient. The first four common units vested on June 30, 2016. Under the fair-value-based method, compensation cost for the equity awards is measured at the grant date based on the value of the award and is recognized as an expense in the Statement of Operations over the service period, which is typically the vesting period, with an offsetting increase to Members' Equity. The eight profits units have not been recognized as of December 31, 2016, because performance conditions such as EBITDA requirements were not met in 2016.

7. Commitments and Contingencies:

Pursuant to the Operating Agreement, the Company is to indemnify its members against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by a member in connection with the Company, provided that the actions were not a result of misconduct on the part of the member and were the result of a course of conduct which the members, in good faith, determined was in the best interest of the Company.

SUPPLEMENTAL INFORMATION

PRISM, LLC

Consolidated Schedules of General and Administrative Expenses
Years Ended December 31, 2016, 2015 and 2014

	2016	2015	2014
Advertising	$ 1,500	$ 100	$ 375
Auto expense	11,628	11,929	16,349
Bad debts	5,842	-	(30,000)
Bank and finance charges	400	977	1,765
Contributions and gifts	434	2,590	-
Conferences	18,129	56,668	113,549
Depreciation and amortization	10,266	12,228	13,440
Dues and subscriptions	6,094	16,239	35,789
Insurance	7,385	10,264	7,015
Licenses and permits	6,052	4,661	3,620
Loss on disposal of assets	-	-	-
Marketing and public relations	38,849	46,355	131,379
Meals and entertainment	4,130	3,191	6,275
Miscellaneous	-	931	1,078
Office expense	23,572	33,191	31,719
Professional development	-	-	15,626
Professional fees	110,012	185,088	147,839
Rent	118,565	101,061	83,287
Salaries, payroll taxes and benefits	671,212	583,639	359,146
Equity-based compensation expense	26,086	-	-
Travel	11,360	24,323	35,111
Web services	54,700	40,620	34,860
Total general and administrative expenses	$ 1,126,216	$ 1,134,055	$ 1,008,222

See Report of Independent Accountants.

LEAFSPRING SCHOOLS

EXHIBIT D

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7622	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7622	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

LEAFSPRING SCHOOLS

EXHIBIT E

COMPLIANCE QUESTIONNAIRE

COMPLIANCE QUESTIONNAIRE TO BE COMPLETED BEFORE SIGNING A LEAFSPRING SCHOOL FRANCHISE AGREEMENT

You are preparing to enter into a Franchise Agreement with PRISM, LLC ("**we**," or "**us**"). The purpose of this Questionnaire is to confirm that you understand the terms of the Franchise Agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Which of our representative(s) have you been dealing with?

   Name(s):_____

2. Have you received the LeafSpring School franchise disclosure document ("**FDD**")?

   Yes _____ No _____

3. What is the issuance date of the FDD you received? (Check receipt page you signed.)

   _____

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

   Yes _____ No _____

5. Have our representatives answered all of your questions regarding the FDD and the Franchise Agreement?

   Yes _____ No _____

   If "No", what parts of the FDD and/or the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

   _____

   _____

   _____

6. Have you discussed the FDD, the Franchise Agreement, and the benefits and risks of a LeafSpring School franchise with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If "Yes", name and profession of advisor: _____

   If "No", do you wish to have more time to do so?

   Yes _____ No _____

7. Have any of our employees (or any other person purporting to speak on our behalf) made any statement or representation to you (oral, written, or visual) regarding:

   a. The sales or Gross Sales that LeafSpring Schools have generated or will generate?

      Yes _____ No _____

   b. The profits that LeafSpring Schools or our franchisees have earned or may earn?

      Yes _____ No _____

8. If your answer to any part of Question 7 is "yes," who made the statement or representation, when, and where? Please provide full details in the following space. (Attach additional pages, if necessary.)

_____

_____

_____

9. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you. Were any such statements or promises contrary to, or different from, the information contained in the FDD?

   Yes _____ No _____

10. If you answered "Yes" to Question 9, please provide full details in the following space. (Attach additional pages, if necessary.)

_____

_____

_____

* * *

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE: [enter name_____]

By_____
Its _____
Date: _____

LEAFSPRING SCHOOLS

EXHIBIT F

OPERATIONS MANUAL TABLE OF CONTENTS

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LeafSpring™ SCHOOL

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LEAFSPRING SCHOOLS

EXHIBIT G

STATE ADDENDA

ADDENDUM TO THE LEAFSPRING SCHOOLS
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

1. **Item 5, Additional Financial Assurances.** The following is added to the end of Item 5:

Based on our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments owed by you shall be deferred until the first LeafSpring School under the Development Agreement opens.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The franchise agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor franchise agreement or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

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

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

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures.

ADDENDUM TO THE LEAFSPRING SCHOOLS
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

To the extent the Maryland Franchise Registration and Disclosure Law applies, the terms of this Addendum apply.

1. The following is added to the end of Section 4 (Initial Franchise Fee):

Notwithstanding the foregoing, in the State of Maryland, Franchisor will defer the payment of the Initial Franchise Fee and any other initial payments until Franchisee opens the School. At that time, Franchisee shall pay to Franchisor the Initial Franchise Fee and any other initial payments.

2. The following sentence is added to the end of Sections 3(B)(7) (Subsequent Franchise Agreement) and 15(A)(10) and 15(C)(4) (Transfer of Interest):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following sentence is added to the end of Section 28 (Special Representations):

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise. Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

PRISM, LLC:	FRANCHISEE:
By_____	By_____
Its _____	Its_____
Date: _____	Date: _____

ADDENDUM TO THE LEAFSPRING SCHOOLS
DEVELOPMENT AGREEMENT
FOR THE STATE OF MARYLAND

To the extent the Maryland Franchise Registration and Disclosure Law applies, the terms of this Addendum apply.

1. The following is added to the end of Section 3 (Fees):

Notwithstanding the foregoing, in the State of Maryland, Franchisor will defer the payment of the Development Fee and any other initial payments until Developer opens the first Franchised School required to be developed under this Agreement. At that time, Developer shall pay to Franchisor the Development Fee and any other initial payments.

2. The following sentence is added to the end of Sections 7.3.4 and 7.3.6 (Transfer):

This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

4. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

PRISM, LLC	**DEVELOPER:** **[insert entity name of developer]**
By:_____	By:_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

ADDENDUM TO THE LEAFSPRING SCHOOLS
DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

1. Item 17 of this disclosure document is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDENDUM TO THE LEAFSPRING SCHOOLS
FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

PRISM, LLC:	FRANCHISEE:
By_____	By_____
Its _____	Its_____
Date: _____	Date: _____

ADDENDUM TO THE LEAFSPRING SCHOOLS
DEVELOPMENT AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement.

3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

PRISM, LLC	**DEVELOPER:** **[insert entity name of developer]**
By:_____	By:_____
Print Name:_____	Print Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

LEAFSPRING SCHOOLS

EXHIBIT H

FRANCHISED LOCATIONS LIST

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Current Franchisees as of December 31, 2018

Name	Address	Phone Number
Indiana		
Steven A. Ramos	10408 Olio Road Fishers, IN 46040	(317) 401-3800
North Carolina		
Parks Hunter & Michelle Mistele	9829 Providence Road West Charlotte, NC 28277	(704) 909-4525
Parks Hunter & Michelle Mistele	3420 Pleasant Plains Road Stallings, NC 28104	(704) 390-7011
Texas		
Nadiya Lakhani & Ahmed Lakhani	11651 W. Parmer Lane Cedar Park, TX 78613	(512) 260-9700
Jennifer Hrncir & George Farmer	322 E. Sonterra Blvd. San Antonio, TX 78258	(210) 495-5222
Jennifer Hrncir & George Farmer	3108 Marshall Road San Antonio, TX 78259	(210) 314-1125
Virginia		
Nicole Eubanks-Lambert & James Lambert	5701 Wyndham Park Drive Glen Allen, VA 23059	(804) 360-2166
Nicole Eubanks-Lambert & James Lambert	Woodridge Road and Charter Colony Parkway Midlothian, VA 23114	(804) 594-0561
John Sims	7421 Boulder Springs Road Richmond, VA 23225	(804) 272-0641
Edward R. Grieve	8218 Atlee Road Mechanicsville, VA 23116	(804) 730-1010
Hazel Mariano & Robert Mariano	1977 Sandbridge Rd. Virginia Beach, VA 23456	(757) 426-6490

Franchise Agreements Signed but Not Open as of December 31, 2018

Name	Address	Phone Number
North Carolina		
Parks Hunter & Michelle Mistele	9829 Providence Road West Charlotte, NC 28277	(704) 909-4525
Texas		
Nadiya Lakhani & Ahmed Lakhani	11651 W. Parmer Lane Cedar Park, TX 78613	(512) 260-9700
Jennifer Hrncir & George Farmer	3108 Marshall Road San Antonio, TX 78259	(210) 314-1125

Former Franchisees

The name and last known address and telephone number of every one of our franchisees who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the one-year period ending December 31, 2018, or who has not communicated with us within ten weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Name	**Address**	**Phone Number**
Kevin Johnson, Gail Johnson & Earl Johnson	6800 Piedmont Center Plaza Gainesville, VA 20155	(571) 200-3374

LEAFSPRING SCHOOLS

EXHIBIT I

GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is executed on _____ by _____ ("**Franchisee**") and/or _____ ("**Guarantors**") as a condition of: **(1)** the transfer of the LeafSpring School Franchise Agreement dated _____ between **Prism, LLC** ("**Franchisor**") and Franchisee ("**Franchise Agreement**") or **(2)** the execution of a renewal Franchise Agreement by Franchisee and Franchisor.

1. Release by Franchisee and Guarantors. If Franchisee is an entity, Franchisee (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities) and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) or, if Franchisee is an individual, Franchisee (on behalf of himself/herself and his/her heirs, representatives, successors and assigns) (collectively, "**Releasors**") freely and without any influence forever release Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**Claims**"), which any Releasor ever owned or held, now owns or holds or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and any Release arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. No Prior Assignment. Franchisee and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1.

4. Covenant Not to Sue. Franchisee and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

5. Complete Defense. Franchisee and Guarantors: **(a)** acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(b)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of Franchisor and each Releasor.

7. Third Party Beneficiary. Franchisor and its parent, affiliates and subsidiaries shall be third party beneficiaries under this Release.

8. Representation by Counsel. Franchisee and Guarantors acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

9. Enforcement. This Release and all claims relating to this Release shall be governed by and construed under the law of the Commonwealth of Virginia. Franchisee and Guarantors shall file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where Franchisor's principal offices are located. Franchisor may file any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises in this Release or with regard to the interpretation, formation, or breach of this Release in the court where its principal offices are located, where Franchisee resides or does business, or where the claim arose.

10. Confidentiality. The terms of this Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws, court orders or regulations.

11. Construction. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement, as the context requires. The masculine gender shall be deemed to refer to and include the feminine and neuter, and the singular to refer to and include the plural, and vice versa.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Franchisee and Guarantors have executed this Release as of the date shown above.

ATTEST:

By: _____

Print Name: _____

FRANCHISEE:

By: _____

Print Name: _____

Title _____

Date: _____

WITNESS:

_____

Print Name: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

WITNESS:

_____

Print Name: _____

GUARANTOR:

_____

Print Name: _____

Date: _____

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If PRISM, LLC offers you a franchise, PRISM, LLC must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement or make any payment to PRISM, LLC or an affiliate in connection with the proposed franchise sale. Iowa and New York require that PRISM, LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before you sign the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that PRISM, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The franchisor is PRISM, LLC, located at 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060, telephone (804) 747-5900.

Issuance Date: April 30, 2019

The franchise sellers for PRISM, LLC located at 4551 Cox Road, Suite 310, Glen Allen, Virginia 23060, telephone (804) 747-5900 are: Vance Spilman, Chief Executive Officer; John R. (Rick) Sample, Chief Financial Officer; Gail Johnson, RN, MS, Chairman; R. Earl Johnson, Vice President; Susan K. Bishop, Executive Vice President; Matthew Townes, Director of Design and Construction; Meghan McMahon, Marketing Manager; and Elizabeth Bodenheimer, Director of Quality Assurance.

PRISM, LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a PRISM, LLC Franchise Disclosure Document dated April 30, 2019 that included the following Exhibits:

A. DEVELOPMENT AGREEMENT
B. FRANCHISE AGREEMENT
C. FINANCIAL STATEMENTS
D. STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
E. COMPLIANCE QUESTIONNAIRE
F. OPERATIONS MANUAL TABLE OF CONTENTS
G. STATE ADDENDA
H. FRANCHISED LOCATIONS LIST
I. GENERAL RELEASE

Dated:_____ Name of Prospective Franchisee

_____
Individually and as an Officer

_____
Printed Name

(KEEP THIS COPY FOR YOUR RECORDS)

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I. GENERAL RELEASE

Dated:_____ Name of Prospective Franchisee

_____
Individually and as an Officer

_____
Printed Name

(RETURN TO US)