

FRANCHISE DISCLOSURE DOCUMENT



OE Franchise, LLC

a Colorado limited liability company

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Office Evolution® businesses provide shared office services, including live answering service and telephone call management, executive suites, offices for lease, temporary office rentals, conference and training room rentals, co-working/drop in work space, business center locations, and other related products and services (“Office Evolution Business(es)”).

The total investment necessary to begin operation of an Office Evolution franchise ranges from \$150,500 to \$530,000, including \$50,000 which must be paid to the franchisor or its affiliates.

Office Evolution area developers acquire the right to develop multiple Office Evolution Businesses in a designated geographic area. The total investment necessary to begin operation of an Office Evolution area developer business will depend on the number of Office Evolution Businesses to be developed. The total investment necessary to begin operation of an Office Evolution area developer business operating two Office Evolution Businesses ranges from \$288,500 to \$1,047,500, including \$87,500 which must be paid to the franchisor or its affiliates. For each additional Office Evolution Business opened under an area developer agreement, you will pay the same costs as a single franchise, but certain fees will be discounted with each business. The development fee ranges from \$60,000 for two (2) Office Evolution Business to \$145,000 for ten (10) Office Evolution Businesses. The development fee for each additional business is \$10,000.

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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mark Hemmeter at 357 McCaslin Blvd, Ste 200, Louisville, CO 80027, (877) 449-0498.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at

600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 12, 2016, [as amended November 8, 2016](#)

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A 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 AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION/MEDIATION ONLY IN COLORADO. OUT-OF-STATE ARBITRATION/LITIGATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE/LITIGATE/MEDIATE WITH US IN COLORADO THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2015 THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF (\$39,670).
4. THE FRANCHISEE OR AREA DEVELOPER WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$150,500 TO \$530,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS' NEGATIVE EQUITY OF \$(39,670) AS OF DECEMBER 31, 2015.
45. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2015, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF (\$45,554).
6. THE FRANCHISOR'S AUDITED FINANCIAL STATEMENTS DATED DECEMBER 31, 2015 REFLECT THAT CURRENT LIABILITIES EXCEEDED CURRENT ASSETS BY \$39,670. THIS MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS AND YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
57. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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 is our agent and 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 Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
CALIFORNIA	MAY 17, 2016 PENDING
HAWAII	APRIL 25, 2016
ILLINOIS	APRIL 18, 2016
INDIANA	SEPTEMBER 10, 2015 , RENEWS SEPTEMBER 10, 2016
MARYLAND	PENDING SEPARATE FDD
MICHIGAN	APRIL 18, 2016
MINNESOTA	MAY 5, 2016
NEW YORK	PENDING MAY 26, 2016
NORTH DAKOTA	APRIL 21, 2016
RHODE ISLAND	APRIL 15, 2016
SOUTH DAKOTA	JULY 17, 2015 1, 2016
VIRGINIA	PENDING JUNE 13, 2016
WASHINGTON	JUNE 12, 201 5 6 , RENEWS AS AMENDED JUNE 12 30 , 2016
WISCONSIN	APRIL 14, 2016

**NOTICE REQUIRED BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

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

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

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EXHIBITS:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
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Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	Blank Pro Forma Spreadsheet
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with the Office Evolution Franchise
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	State Addenda and Agreement Riders
Exhibit K	Receipt

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT J.

ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “OEF” and “we,” “us,” and “our” means OE Franchise, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from OEF.

The Franchisor, its Parents, and Affiliates

OEF is a Colorado limited liability company formed on May 15, 2012. We operate under the name OE Franchise, LLC and Office Evolution and no other name. Our principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. We began offering franchises for Office Evolution Businesses in July 2012. We have not, and do not, operate any franchises like those described in this Franchise Disclosure Document or in any other line of business. We do not conduct any other business other than franchising Office Evolution Businesses. We have no predecessor entities.

Our parent company is Office Evolution, LLC (“OE Parent”), a Colorado limited liability company formed on January 21, 2013. OE Parent’s principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. OE Parent is a wholly-owned subsidiary of our ultimate parent, Boulder Office Partners, LLC (“OE Ultimate Parent”), a Colorado limited liability company formed on December 12, 2002, whose principal business address is 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. OE Ultimate Parent owns the intellectual property and trademarks for the Office Evolution franchise system and licenses them to us. OE Ultimate Parent operated Office Evolution businesses from April 2003 to December 31, 2012, and transferred all of those businesses to our affiliate, OE Colorado, LLC (“OE Colorado”). OE Ultimate Parent also provides call center services to our franchisees. Our parent companies have never offered franchises in any line of business and do not operate businesses of the type you will be operating

OE Colorado operates seven businesses similar to the type being offered in this Franchise Disclosure Document, and has done so since 2013. OE Colorado does not provide products or services to franchisees and has not offered franchises in any other line of business.

Our agent for service of process in Colorado is Mark Hemmeter, 357 McCaslin Blvd, Ste 200, Louisville, CO 80027. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises (“Office Evolution Franchise(s)” or “Franchise(s)”) for the use of our Office Evolution trademarks, trade names, service marks, and logos (“Marks”) for the operation of Office Evolution Businesses. Office Evolution Businesses are operated under our proprietary Office Evolution system (“System”). The System may be changed or modified by us throughout your ownership of the Franchise. You will operate your Office Evolution Business from an approved location in a specified geographic area. You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one Office Evolution Business for each Franchise Agreement you sign. We also offer to select qualified persons (“Area Developer(s)”) the opportunity to sign our area development agreement (“Area Development Agreement”) and acquire the right to develop multiple Office Evolution Businesses in a protected search area. When you sign a

Franchise Agreement or Area Development Agreement, we will grant you a temporary protected geographic search area to locate your Office Evolution Business (“Protected Search Area”).

If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first Office Evolution Business (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of Office Evolution Franchise Agreement for each Office Evolution Business that you develop under the Area Development Agreement. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

Office Evolution Businesses are required to be opened in accordance with a specified opening schedule which is determined when you sign an Area Development Agreement or Franchise Agreement (“Opening Schedule”). The duration of the Opening Schedule will depend upon the number of Office Evolution Businesses to be opened, the demographics of the Protected Search Area and other factors. The Protected Search Area will be established based on the consumer demographics of the Protected Search Area, geographical area, city, county, and other boundaries. The Protected Search Area for an Area Developer will generally be a larger area than a Protected Search Area for a single Franchise. The Protected Search Area under an Area Development Agreement will terminate upon the completion of the Opening Schedule for the last Office Evolution Business to be developed or the termination of the Area Development Agreement, whichever occurs first. The Protected Search Area under a Franchise Agreement will terminate when you have secured a location for the Office Evolution Business or the Opening Schedule date, whichever occurs first. The only territorial protections that you will receive upon termination of the Protected Search Area will be those under each individual Franchise Agreement.

Market and Competition

Office Evolution Businesses service the needs of business customers. Office Evolution Businesses services are not seasonal in nature. The market for the goods and services offered by Office Evolution Businesses is well developed and highly competitive. Office Evolution Businesses compete with other businesses including franchised operations, online services, national chains, and independently-owned companies offering office services. Your competition will include both traditional competitors in our industry and other technologies and industries which offer similar services. Traditional competitors include other executive suite and virtual office operators. These traditional competitors range from single-unit owner-operators to very large multi-national operators. They also range in appearance and amenities from co-working spaces with few private offices to very large executive suites. Other technologies and industries which may compete with Office Evolution Businesses include call centers; international, regional, and local operators of office buildings; any workspace with Internet service; VOIP telephone services; conference centers; and automated telephone attendants and routing services. You will also face normal business risks that could have an adverse effect on your Office Evolution Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry-Specific Laws

You must comply with all local, state, and federal laws and regulations that apply to any business. Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances, which may apply to the operation of your Office Evolution Business. You must also obtain all necessary permits, licenses, and approvals to operate your Office Evolution Business. Some states may require you to keep customer security deposits in a separate account.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Office Evolution Franchise, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Office Evolution Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

CEO and Founder: Mark Hemmeter

Mr. Hemmeter is our Founder and has served as our CEO in Louisville, Colorado since our inception in May 2012. Mr. Hemmeter has also been the CEO of our affiliate, OE Colorado, in Louisville, Colorado since its inception in May 2012. In addition, Mr. Hemmeter has been the CEO of our OE Ultimate Parent, Boulder Office Partners, in Boulder, Colorado since April 2003.

President: David Bloom

Mr. Bloom joined Office Evolution in January 2016 and currently serves in the role of President in Louisville, Colorado. Previously, David served as COO of Famous Brands International based in Broomfield, Colorado from October 2013 to June 2015. Mr. Bloom also served as Chief Development Officer for Hurricane Grill & Wings based in West Palm Beach, Florida from June 2012 to November 2013, as COO for Bridge International Academies based in Nairobi, Kenya from July 2011 to June 2012. From June 1992 to July 2011, Mr. Bloom served in various senior roles for Quiznos Subs, based in Denver, Colorado and Toronto, Canada, including as Senior Vice President of Brand Expansion in the United States and Canada.

Senior Director, Brand Expansion: Emily Larson

Ms. Larson joined Office Evolution in October 2008 as a Business Center Manager and has been our Senior Director of Brand Expansion in Louisville, Colorado since January 2016. Prior to that, Ms. Larson was our Senior Director of Operations from January 2014 to December 2015, and Colorado General Manager for OE Colorado LLC from January 2013 to December 2013 in Louisville, Colorado. From August 2010 to January 2013, Ms. Larson was Director of Special Projects for Boulder Office Partners in Boulder, Colorado.

Senior Director, Marketing: Eileen Proctor

Prior to assuming responsibilities in her current role in November 2015, Ms. Proctor held a number of key roles with Office Evolution including Director of Business Center Development in Louisville, Colorado from April 2015 to October 2015, and Business Center Manager for the start-up Office Evolution franchise in Aurora, Colorado from June 2014 to April 2015. From April 2007 to June 2014, Ms. Proctor was a self-employed Strategic Marketing and Business Development Consultant to entrepreneurs across the United States, specializing in the pet industry.

Director of Franchise Success: Brook Bunn

Ms. Bunn joined Office Evolution in October 2014 as a Franchise Support Manager in Louisville, Colorado. Prior to Office Evolution, Ms. Bunn was a Franchise Development Consultant for RE/MAX, LLC in Denver, Colorado from October 2012 to October 2014. Prior to that, she held several franchise related positions including Franchise Consultant, Assistant Manager of the Franchise Administrative

Center and Project Coordinator with H&R Block in Knoxville, Tennessee, Kansas City, Missouri and Denver, Colorado from March 2005 to May 2012.

Director of Digital Marketing: Jeff Hensiek

Mr. Hensiek has been our Director of Marketing in Louisville, Colorado since November 2014. From March 2014 to November 2014, Mr. Hensiek was the Marketing Director at Datasource Consulting in Denver, Colorado. Prior to that, Mr. Hensiek was the Vice President of Marketing and Sales at Markomm LLC in Virginia Beach, Virginia from December 2008 to March 2014.

Director of Recruiting and Training: Holle Janzen

Ms. Janzen joined Office Evolution in August 2013 as a Business Center Manager in Boulder, Colorado and was the Colorado General Manager from December 2013 to December 2015, also in Louisville, Colorado. She has been overseeing the training program at Office Evolution in Louisville, Colorado since December 2015. Prior to Office Evolution, Ms. Janzen was the Assistant Fitness Operations Manager at a high-end health club in Boulder, Colorado from January 2008 to August 2013.

Director of Accounting and Finance: Julie Steil

Ms. Steil has been our Director of Accounting in Louisville, Colorado since May 2014. From November 2011 to April 2014, Ms. Steil was the Controller at All Copy Products in Denver, Colorado. Prior to that, from October 2009 to October 2011 Ms. Steil worked as the Senior Financial Accountant at Denver Health in Denver, Colorado.

Director of Franchise Development: Karen McLeod

Ms. McLeod has been our Director of Franchise Development in Louisville, Colorado since October 2015. From March 2007 through October 2015, Ms. McLeod was a franchisee with Expense Reduction Analysts in Littleton, Colorado.

**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**

Franchise Agreement

Initial Franchise Fee

The “Initial Franchise Fee” for a single Office Evolution Business is \$35,000. Each Franchise Agreement will grant you the right to operate one Office Evolution Business.

We offer a reduced Initial Franchise Fee under the following circumstances:

1. If you are an existing franchisee and purchase additional Office Evolution Franchises, you will pay a reduced Initial Franchise Fee. We currently offer the following reduced Initial Franchise Fees:

Office Evolution Business	Initial Franchise Fee
1	\$35,000
2	\$30,000
3 or more	\$25,000

You must meet our then current franchise qualification standards to purchase additional Franchises. Your ability to purchase additional franchises may also depend on the availability of acceptable locations in the area of your desired new franchise location. We may change or discontinue our current policy of discounting fees for additional Franchises at any time. Additional Franchises purchased outside of an Area Development Agreement will not be eligible for a “Royalty Reduction” (which is explained later in Item 6).

2. We also offer conversion opportunities to existing independent businesses that provide services and products similar to those offered by Office Evolution Businesses (“Conversion Franchise Owners”). If you are a Conversion Franchise Owner, we offer a reduced Initial Franchise Fee ranging from \$0 to \$35,000. The range of the fee will be based on experience, length of time in business, sales volume, growth, and future potential. Conversion Franchise Owners that have been in business longer and have larger sales volume, growth, and potential will qualify for a greater reduction in the Initial Franchise Fee.
3. If you are an existing fulltime employee of ours, our parents or our affiliates for at least three continuous years, and an approved candidate for an Office Evolution Franchise, your Initial Franchise Fee for a Franchise will be \$10,000 for your first Franchise and \$5,000 for each additional Franchise.

The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement and is non-refundable.

Location Approval, Design and Project Management Fee

In addition to the Initial Franchise Fee, you must pay us a location approval, design and project management (“LADPM Fee”) of \$15,000 for the first Office Evolution Business, \$12,500 for the second Office Evolution Business and \$10,000 for each additional Office Evolution Business. The LADPM Fee for a Conversion Owner will range \$0 to \$10,000, depending on the condition and layout of the existing business. The LADPM Fee offsets our costs in supporting your efforts to find, develop, and open the Office Evolution Business. You will pay the LADPM Fee upon submission of the first location for each Office Evolution Business. The LADPM Fee is non-refundable. The LADPM Fee includes assistance and a preliminary review for up to 10 sites for the proposed Office Evolution location and assistance and detailed review for up to two sites for a proposed Office Evolution location. If you need assistance for additional sites, you will be required to pay our site additional site assistance fee, which is currently \$50 per hour.

Area Development Agreement

Franchisees may also purchase the rights to open multiple Office Evolution Businesses by signing our “Area Development Agreement” (attached to this Franchise Disclosure Document as Exhibit D) and paying a “Development Fee.” The Development Fee will vary depending on the number of Office Evolution Businesses to be developed under the Area Development Agreement:

Number of Office Evolution Business to be Developed	Development Fee	Average Initial Franchise Fee Per Office Evolution Business
Up to 1	\$35,000	\$35,000
Up to 2	\$60,000	\$30,000
Up to 3	\$75,000	\$25,000
Up to 4	\$85,000	\$21,250
Up to 5*	\$95,000	\$19,000
Up to 6*	\$105,000	\$17,500
Up to 7*	\$115,000	\$16,429
Up to 8*	\$125,000	\$15,625
Up to 9*	\$135,000	\$15,000
Up to 10*	\$145,000	\$14,500
11+	\$145,000 plus \$10,000 for each additional Office Evolution Business	

Area Developers that commit to opening five or more Office Evolution Businesses are eligible to receive a Royalty Reduction which is explained in Item 6. The Development Fee is uniformly calculated, payable when you sign your Area Development Agreement, and is nonrefundable under any circumstances, even if you fail to open any Office Evolution Businesses. During our last year, the Development Fees ranged from \$74,000 to \$103,000.

Financial Assurances

Fee Deferral

Some states have imposed ~~fee deferral requirement~~financial assurance requirements on the franchisor. Please refer to the Addendum in Exhibit J to the Franchise Disclosure Document.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ^{(2) (3)}	6% to 7.5% of Gross Billings	Due on the 15th day of each month; begins upon Franchise Agreement signing	The “ <u>Royalty</u> ” is based on “ <u>Gross Billings</u> ” during the previous month. Area Developers that commit to develop five or more Office Evolution Businesses qualify for a Royalty Reduction on their 5 th and all additional locations. All other locations pay a 7.5% Royalty.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Brand Development Fund Contribution ⁽⁴⁾	3% of Gross Billings and any local advertising expenditure deficits by the Franchise Owner	Same as Royalty and as incurred; begins upon Franchise Agreement signing	This contribution will be used for our system-wide “ <u>Brand Development Fund</u> ” for our use in promoting and building the Office Evolution brand. We reserve the right to increase this contribution to 4% upon 30 days’ written notice. In the event of such increase, we will spend a minimum of 1% on regional or national advertising.
Local and Regional Advertising Cooperatives ⁽⁵⁾	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. Item 11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	\$500 per occurrence	Upon demand	This fee is payable to us or the Brand Development Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance	Reimbursement of our costs, plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training or Assistance Fees	Then-current fee (currently \$1,000 per attendee per day for additional training)	As incurred	We provide initial training at no charge for up to three people. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. The fee amount will depend on the training required and experience level of the trainer.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Setup Fee	\$50 per new member	Same as Royalty	The “ <u>Setup Fee</u> ” is for the initial setup of your member’s account with the Office Evolution Business. You will typically charge your customers a setup fee of between \$50 and \$250 per new member and pay this \$50 Setup Fee to us. The Setup Fee covers the costs we incur to set up a new member, including all changes during the life of the member’s agreement. See Note 9 regarding our ability to increase this fee.
Technology Licenses ⁽⁶⁾	Currently \$249.50 to \$699 per month	Same as Royalty	The “<u>Technology Licenses</u>” cover certain technologies used in the operation of your Office Evolution Business that we administer (“<u>Proprietary Technologies</u>”). The Technology License is \$699 per month for your first Office Evolution Business and \$499 per month for each additional Office Evolution Business. You will be required to pay half of this fee per month beginning when you sign the Franchise Agreement up to two months before your Office Evolution Business opens at which time you will be required to pay the full fee each month. We reserve the right to upgrade, modify, and add new software, hardware or services. We anticipate that this fee will decrease as the number of Office Evolution Businesses increase. See Note 9 regarding our ability to increase this fee.
Call Center Allocation	\$100/month, plus a per minute cost not to exceed \$.99 per operator minute	Same as Royalty	You will be required to pay half of the fixed portion of this fee per month beginning when you sign the Franchise Agreement up to two months before your Office Evolution Business opens at which time you will be required to pay the full fee each month. This fee includes transfer and hold time. See Note 9 regarding our ability to increase this fee.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Convention Fee	Then-current fee (currently estimated to be \$100 to \$250 per person)	Upon demand	Payable to us to help defray the cost of your attendance at any annual convention that we choose to hold. This fee may be due regardless of whether or not you attend our annual convention in any given year.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$100 to \$500)	As incurred	We may charge this fee if we inspect a new product, service, or proposed supplier nominated by you.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of your Office Evolution Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue to protect the Office Evolution brand.
Payment Service Fee	Up to 4% of total charge	As incurred	If payment is made to us or our affiliate by you using a credit card for any required payment, we may charge a service charge of up to four percent (4%) of the total charge.
Late Payment Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 12% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence	As incurred	Payable if any check or electronic funds payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Within five (5) days of request	We may charge this fee if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Development Fund. You will continue to incur this fee until you submit the required report.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses	On demand	You will be required to pay this if an audit reveals that you understated weekly Gross Billings by more than 1.5% percent or you fail to submit required reports. Due if on-site inspection determines you have understated number of clients. Interest due if there is an understatement in the Royalty fee or marketing contributions.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related to your Office Evolution Business or Franchise.
Management Fee	\$250 per day, plus costs and expenses	As incurred	Payable if we manage the Office Evolution Business because you are in breach of the Franchise Agreement.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Renewal Fee	\$5,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Relocation Fee	\$10,000	As incurred	You will be required to pay the Relocation Fee in the event we approve the relocation of your Office Evolution Business.
Broker Fee ⁽⁷⁾	Then current fees (estimated to be \$10,000 to \$15,000)	Upon demand	See Note 7.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transfer Fee	25% of the then-current Initial Franchise Fee for transfers to third parties, not to exceed \$15,000, plus cost of training 15% of the then-current Initial Franchise Fee for transfers to existing franchisees, not to exceed \$15,000, plus cost of training	\$1,000 non-refundable deposit at time of transfer application submittal, and the remaining balance of fee at time of approved transfer	Payable by you in connection with the transfer of your Office Evolution Business, a transfer of ownership of your legal entity to an unrelated party, or a transfer of the Franchise Agreement. If you transfer your Franchise Agreement to an entity with a similar ownership structure for business or estate planning purposes, you will only be required to reimburse us for any legal fees that we incur.
Liquidated Damages ⁽⁸⁾	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

Notes:

1. **Fees.** All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. We refund Royalty and Brand Development Fund contributions if there is a bad debt from any single customer that exceeds \$500 (see more information in Note 2). Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit H). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple Office Evolution Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Office Evolution Business (which may change depending on when you sign the Franchise Agreement). All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

OEF will bill your clients on your behalf and client payments will be deposited directly into your bank account. OEF will attempt to collect the invoiced amount for the first 30 days after the original invoice date. If OEF cannot collect the invoiced amounts within 30 days of the invoice date, you will be responsible for collection of such invoice. You must direct all of your clients to make payments directly to you. The franchise operations manual includes additional detail regarding the process for handling delinquent client accounts.

2. **Royalties.** The term “Gross Billings” means the aggregate amount of all invoices and sales orders of any kind from the sale of products or the performance of services in connection with your Office Evolution Business, including the full value of any products or services provided by you in exchange for non-monetary consideration such as services provided in trades or barter transactions, less any authorized discounts, promotions, and rebates afforded to your clients, but specifically excluding all of the following (a) security deposits paid by your clients; and (b) all sales, use or similar taxes collected from your clients. You will not be required to pay Royalties

on authorized discounts, authorized promotions or bad debt provided you follow the reporting policies and procedures in our franchise operations manual.

3. Royalty Reduction. If you sign an Area Development Agreement and commit to open five or more Office Evolution Businesses, you will receive a “Royalty Reduction” and pay a reduced Royalty of 6% for the fifth (5th) and each additional Office Evolution Business opened under the Area Development Agreement. The 1st through 4th Office Evolution Businesses will pay a 7.5% Royalty.
4. Brand Development Fund Contribution. If you fail to meet your required local advertising expenditure, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Development Fund. Item 11 has more details regarding your local advertising requirements. If the Brand Development Fund is increased above 3%, any increase is required to be utilized for regional or national advertising.
5. Local and Regional Advertising Cooperatives. We reserve the right to establish a local or regional advertising cooperative if two (2) or more Office Evolution Businesses are operating in a market designated by us. If a local or regional advertising cooperative is established, contribution amounts, as well as caps on such amounts, to the local or regional advertising cooperative will be established by the cooperative members. We anticipate that each Office Evolution franchisee will have one (1) vote for each Office Evolution Business operated by the member in the designated market. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.
6. Technology Licenses. This fee covers licensing, maintenance and upgrades to the following Technologies: 1) CRM, accounting, client billing and client management, 2) Network & digital security management, 3) Telephone system, 4) Local and toll free phone numbers, 5) Domestic long distance, 6) Conference and meeting room scheduling, 7) Exterior door access software and fobs, 8) Help desk, 9) Email system, 10) Intranet site, 11) Pre-opening project management platform, 12) Training systems, and 13) Other systems and services.
7. Broker Fee. You will be required to pay the then current broker fee if your Office Evolution Business is transferred to a transferee (or any individual associated with any transferee entity) that was introduced to the Office Evolution franchise system as a result of a third-party franchise broker with whom we have a referral fee arrangement.
8. Liquidated Damages. Liquidated damages are determined by multiplying the combined monthly average of Royalty fees and Brand Development Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Office Evolution Business through the date of early termination, multiplied by the lesser of: (i) thirty-six (36), or (ii) the number of full months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than thirty thousand dollars (\$30,000) or more than one hundred thousand dollars (\$100,000).
9. Fee Increases. We reserve the right to increase the Call Center Allocation, Technology Licenses and Setup Fee up to 10% each year unless 2/3 of all active Franchisees (not in default) vote for a larger increase. This cap does not apply to any increases that result from the addition of new technology, upgrades, modifications, or additional products or services. The Technology Licenses may be adjusted bi-annually.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Franchise Fee ⁽¹⁾	\$35,000	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
LADPM Fee ⁽²⁾	\$15,000	\$15,000	As Agreed	As Agreed	Us
Furniture ⁽³⁾	\$10,000	\$100,000	As Arranged	As Arranged	Third Parties
Technology Equipment and Installation ⁽⁴⁾	\$15,000	\$35,000	As Agreed	Before Opening	Third Parties
Other Office Equipment ⁽⁵⁾	\$5,000	\$10,000	As Incurred	As Incurred	Third Parties
Tenant Improvements not Provided by Landlord ⁽⁶⁾	\$1,500	\$40,000	As Agreed	Before Opening	Landlord, Third Parties
Signage ⁽⁷⁾	\$2,500	\$15,000	As Required	Before Opening	Third Parties
Pre-Opening Staff and Recruiting ⁽⁸⁾	\$8,000	\$10,000	As Required	Before Opening	Third Parties
Opening Marketing Campaigns ⁽⁹⁾	\$22,000	\$25,000	As Agreed	Before Opening	Third Parties
Opening Supplies ⁽¹⁰⁾	\$1,500	\$2,000	As Incurred	As Incurred	Third Parties
Legal and Professional Fees ⁽¹¹⁾	\$2,500	\$10,000	As Agreed	Before Opening	Your Attorneys, CPA's, and Other Professionals
Business Licenses and Permits ⁽¹²⁾	\$0	\$5,000	As Arranged	As Incurred	Government Agencies
Initial Training Travel Expenses ⁽¹³⁾	\$1,500	\$4,000	As Incurred	As Incurred	Providers of Travel, Lodging, and Food Services
Security Deposit ⁽¹⁴⁾	\$10,000	\$50,000	As Agreed	As Incurred	Third Parties
Additional Lease Security ⁽¹⁵⁾	\$0	\$70,000	As Agreed	As Incurred	Landlord, Third Parties
Insurance ⁽¹⁶⁾	\$1,000	\$4,000	As Arranged	As Arranged	Insurance Company
Additional Funds (6-months) ⁽¹⁷⁾	\$20,000	\$100,000	As Agreed	As Incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT ⁽¹⁸⁾	\$150,500	\$530,000			
Area Developer⁽⁴⁹⁾	If you purchase multiple Office Evolution Businesses under an Area Development Agreement, you will incur all costs listed above for each Office Evolution Business that you open except that you will not be required to pay an Initial Franchise Fee, but will be required to pay a Development Fee as explained in Item 5.				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Office Evolution Franchise. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Office Evolution Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Office Evolution Franchise may be greater or less than the estimates given, depending upon the location of your Office Evolution Business, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See Item 5 for additional information about your Initial Franchise Fee.
2. LADPM Fee. This estimate provides the fee for your first Office Evolution Business. If you purchase additional Office Evolution Businesses, you will pay a lower fee.
3. Furniture. This estimate involves the furniture, fixtures, and equipment you will need to open an Office Evolution Business, such as chairs, desks, tables, and other items. Some of these expenses will depend on Office Evolution Business size, shipping distances, supplier chosen, and your credit history. The low estimate assumes you will lease the furniture and the high estimate assumes you will purchase the furniture.
4. Technology Equipment and Installation. This includes networking and internet equipment, telephone handsets, Business Center Manager computer, multifunction printer, and cabling installation.
5. Other Office Equipment. This Includes items like appliances, whiteboards, televisions, projectors and project screens.

6. Signage. This is an estimate of your costs for signage, which will include some or all of: building signage, monument signage, suite/door entry signage and interior building lobby directional signage.
7. Tenant Improvements Not Provided By Landlord. This is for tenant improvements and construction not provided by the landlord.
8. Pre-Opening Staff and Recruiting. We assume that you will hire your initial Business Center Manager two months prior to opening plus recruiting cost, including hiring platform and job posting/advertising fees.
9. Opening Marketing Campaigns. You must spend at least \$22,000 on grand opening marketing and advertising during the period beginning when you sign your Franchise Agreement and ending two months after opening your Office Evolution Business. This amount may include digital marketing (“SEO” and “PPC”), partnership with a local marketing/PR firm, pre-opening networking, hosting a grand opening event or other expenditures as outlined in the operations manual.
10. Opening Supplies. This includes opening office supplies such as paper, kitchen and coffee items.
11. Legal and Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.
12. Business License and Permits. You may be required to obtain business licenses from the local government agencies to operate your Office Evolution Business.
13. Initial Training Travel Expenses. We provide training at our training center in Louisville, Colorado or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, one (1) of which must be a “Business Center Manager” (which is discussed in Item 15). If additional initial training is required or more people must be trained, an additional fee will be assessed.
14. Security Deposit. This estimate includes the costs of your lease and security deposit. These are only estimates and will vary depending on the area.
15. Additional Lease Security. Because Office Evolution Businesses are located in commercial office space, some landlords may require additional collateral or securitization of the lease, especially when compared to retail space. These amounts will vary depending on your credit history, the extent of the out-of-pocket costs of the landlord, including tenant improvements and commissions, and local market conditions. These payments may be refunded back to you under the terms you negotiate in your lease.
16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an Office Evolution Business, your rates may be significantly higher than those estimated above. This estimate is for one year of insurance premiums.

17. **Additional Funds.** These amounts represent our estimate of the amount needed to cover your expenses for the initial 6-month start-up phase of your Office Evolution Business. They include normal operating costs such as payroll, your office lease, copier rental, Internet service, and office supplies. These figures do not include standard pre-opening expenses, Royalties, or Brand Development Fund contributions payable under the Franchise Agreement or debt service. For purposes of this disclosure, we estimated the start-up phase to be six months from the date your Office Evolution Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Office Evolution Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Office Evolution Business. Office Evolution franchisees generally negotiate between three to nine months of free rent. These estimates assume that you will be able to do the same. If you are unable to do so, you may require additional funds. Additional funds for the operation of your Office Evolution Franchise will be required after the first six months of operation if sales produced by the Office Evolution Franchise are not sufficient to produce positive cash flow. Some states prohibit you from using customer deposits as working capital. If your Office Evolution Business is located in one of these states, you may require additional funds.
18. **Figures May Vary.** This is an estimate of your initial startup expenses for one (1) Office Evolution Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

Area Developer Business

<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Paid</u>
	<u>Low</u>	<u>High</u>			
<u>Development Fee⁽¹⁾</u>	<u>\$35,000</u>	<u>\$35,000</u>	<u>Lump Sum</u>	<u>When you sign the Area Development Agreement</u>	<u>Us</u>
<u>LADPM Fee⁽²⁾</u>	<u>\$15,000</u>	<u>\$15,000</u>	<u>As Agreed</u>	<u>As Agreed</u>	<u>Us</u>
<u>Furniture⁽³⁾</u>	<u>\$10,000</u>	<u>\$100,000</u>	<u>As Arranged</u>	<u>As Arranged</u>	<u>Third Parties</u>
<u>Technology Equipment and Installation⁽⁴⁾</u>	<u>\$15,000</u>	<u>\$35,000</u>	<u>As Agreed</u>	<u>Before Opening</u>	<u>Third Parties</u>
<u>Other Office Equipment⁽⁵⁾</u>	<u>\$5,000</u>	<u>\$10,000</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>Third Parties</u>
<u>Tenant Improvements not Provided by Landlord⁽⁶⁾</u>	<u>\$1,500</u>	<u>\$40,000</u>	<u>As Agreed</u>	<u>Before Opening</u>	<u>Landlord, Third Parties</u>
<u>Signage⁽⁷⁾</u>	<u>\$2,500</u>	<u>\$15,000</u>	<u>As Required</u>	<u>Before Opening</u>	<u>Third Parties</u>

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
<u>Pre-Opening Staff and Recruiting⁽⁸⁾</u>	<u>\$8,000</u>	<u>\$10,000</u>	<u>As Required</u>	<u>Before Opening</u>	<u>Third Parties</u>
<u>Opening Marketing Campaigns⁽⁹⁾</u>	<u>\$22,000</u>	<u>\$25,000</u>	<u>As Agreed</u>	<u>Before Opening</u>	<u>Third Parties</u>
<u>Opening Supplies⁽¹⁰⁾</u>	<u>\$1,500</u>	<u>\$2,000</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>Third Parties</u>
<u>Legal and Professional Fees⁽¹¹⁾</u>	<u>\$2,500</u>	<u>\$10,000</u>	<u>As Agreed</u>	<u>Before Opening</u>	<u>Your Attorneys, CPA's, and Other Professionals</u>
<u>Business Licenses and Permits⁽¹²⁾</u>	<u>\$0</u>	<u>\$5,000</u>	<u>As Arranged</u>	<u>As Incurred</u>	<u>Government Agencies</u>
<u>Initial Training Travel Expenses⁽¹³⁾</u>	<u>\$1,500</u>	<u>\$4,000</u>	<u>As Incurred</u>	<u>As Incurred</u>	<u>Providers of Travel, Lodging, and Food Services</u>
<u>Security Deposit⁽¹⁴⁾</u>	<u>\$10,000</u>	<u>\$50,000</u>	<u>As Agreed</u>	<u>As Incurred</u>	<u>Third Parties</u>
<u>Additional Lease Security⁽¹⁵⁾</u>	<u>\$0</u>	<u>\$70,000</u>	<u>As Agreed</u>	<u>As Incurred</u>	<u>Landlord, Third Parties</u>
<u>Insurance⁽¹⁶⁾</u>	<u>\$1,000</u>	<u>\$4,000</u>	<u>As Arranged</u>	<u>As Arranged</u>	<u>Insurance Company</u>
<u>Additional Funds (6-months)⁽¹⁷⁾</u>	<u>\$20,000</u>	<u>\$100,000</u>	<u>As Agreed</u>	<u>As Incurred</u>	<u>Third Parties</u>
<u>TOTAL ESTIMATED INITIAL INVESTMENT⁽¹⁸⁾</u>	<u>\$150,500</u>	<u>\$530,000</u>			
<u>Area Developer⁽¹⁹⁾</u>	<u>If you purchase multiple Office Evolution Businesses under an Area Development Agreement, you will incur all costs listed above for each Office Evolution Business that you open. The Development Fee will vary depending on the number of Office Evolution Businesses to be developed under the Area Development Agreement, as explained in Item 5. For each additional Office Evolution Business opened under an area developer agreement, you will pay the same costs as a single franchise, but the Development Fee and LADPM Fee will be discounted with additional business. The development fee ranges from \$60,000 for two (2) Office Evolution Business to \$145,000 for ten (10) Office Evolution Businesses. The development fee for the eleventh and each additional business is \$10,000. The LADPM is \$15,000 for the first Office Evolution Business, \$12,500 for the second, and \$10,000 for each additional business.</u>				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating a single Office Evolution Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Office Evolution Franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Office Evolution Franchise may be greater or less than the estimates given, depending upon the location of your Office

Evolution Business, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Development Fee. You must pay us a Development Fee upon signing the Area Development Agreement. The Development Fee ranges from \$35,000 for one (1) Office Evolution Business to \$145,000 for ten (10) businesses. See Item 5 for additional information about your Development Fee.
2. LADPM Fee. This estimate provides the fee for your first Office Evolution Business. If you purchase additional Office Evolution Businesses, you will pay a lower fee of \$12,500 for the second business and \$10,000 for the third and additional businesses.
3. Furniture. This estimate involves the furniture, fixtures, and equipment you will need to open an Office Evolution Business, such as chairs, desks, tables, and other items. Some of these expenses will depend on Office Evolution Business size, shipping distances, supplier chosen, and your credit history. The low estimate assumes you will lease the furniture and the high estimate assumes you will purchase the furniture.
4. Technology Equipment and Installation. This includes networking and internet equipment, telephone handsets, Business Center Manager computer, multifunction printer, and cabling installation.
5. Other Office Equipment. This Includes items like appliances, whiteboards, televisions, projectors and project screens.
6. Signage. This is an estimate of your costs for signage, which will include some or all of: building signage, monument signage, suite/door entry signage and interior building lobby directional signage.
7. Tenant Improvements Not Provided By Landlord. This is for tenant improvements and construction not provided by the landlord.
8. Pre-Opening Staff and Recruiting. We assume that you will hire your initial Business Center Manager two months prior to opening plus recruiting cost, including hiring platform and job posting/advertising fees.
9. Opening Marketing Campaigns. You must spend at least \$22,000 on grand opening marketing and advertising during the period beginning when you sign your Franchise Agreement and ending two months after opening your Office Evolution Business. This amount may include digital marketing (“SEO” and “PPC”), partnership with a local marketing/PR firm, pre-opening networking, hosting a grand opening event or other expenditures as outlined in the operations manual.
10. Opening Supplies. This includes opening office supplies such as paper, kitchen and coffee items.

11. Legal and Professional Fees. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this Franchise offering. Rates for professionals can vary significantly based on area and experience.
12. Business License and Permits. You may be required to obtain business licenses from the local government agencies to operate your Office Evolution Business.
13. Initial Training Travel Expenses. We provide training at our training center in Louisville, Colorado or at another location designated by us. You must pay for airfare, meals, transportation costs, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to three people, one (1) of which must be a “Business Center Manager” (which is discussed in Item 15). If additional initial training is required or more people must be trained, an additional fee will be assessed.
14. Security Deposit. This estimate includes the costs of your lease and security deposit. These are only estimates and will vary depending on the area.
15. Additional Lease Security. Because Office Evolution Businesses are located in commercial office space, some landlords may require additional collateral or securitization of the lease, especially when compared to retail space. These amounts will vary depending on your credit history, the extent of the out-of-pocket costs of the landlord, including tenant improvements and commissions, and local market conditions. These payments may be refunded back to you under the terms you negotiate in your lease.
16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an Office Evolution Business, your rates may be significantly higher than those estimated above. This estimate is for one year of insurance premiums.
17. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial 6-month start-up phase of your Office Evolution Business. They include normal operating costs such as payroll, your office lease, copier rental, Internet service, and office supplies. These figures do not include standard pre-opening expenses, Royalties, or Brand Development Fund contributions payable under the Franchise Agreement or debt service. For purposes of this disclosure, we estimated the start-up phase to be six months from the date your Office Evolution Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Office Evolution Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Office Evolution Business. Office Evolution franchisees generally negotiate between three to nine months of free rent. These estimates assume that you will be able to do the same. If you are unable to do so, you may require additional funds. Additional funds for the operation of your Office Evolution Franchise will be required after the first six months of operation if sales produced by the Office Evolution Franchise are not sufficient to produce positive cash flow. Some states prohibit you from using customer deposits as working capital. If your Office Evolution Business is located in one of these states, you may require additional funds.

18. [Figures May Vary. This is an estimate of your initial startup expenses for one \(1\) Office Evolution Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.](#)
19. [Additional Office Evolution Businesses.](#) This initial startup expenses for opening additional Office Evolution Businesses may be less than the costs required to open the initial Office Evolution Business as a result of a lower Initial Franchise Fee and LADPM Fee. There may also be other cost savings such as lower additional capital requirements.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate your Office Evolution Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual (“[Franchise Operations Manual](#)”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Franchise Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Office Evolution Franchise.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, upgrade, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. The Franchise Agreement provides certain caps on the amount of money that you are required to spend for updating your Office Evolution Business over the term of the Franchise Agreement.

You must use in the construction and operation of your Office Evolution Franchise only those types of construction and decorative materials, fixtures, equipment, furniture, and signs that we have approved as meeting our specifications and standards for appearance, function, and performance. We develop these specifications and standards for approved types of materials, fixtures, equipment, furniture, supplies, and signage and communicate them to you in our prototype specifications in the Franchise Operations Manual or otherwise in writing.

You must use the computer hardware and software system that we periodically designate to operate your Office Evolution Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Office Evolution Business is located, and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. [You](#)

must purchase and maintain, at your sole expense, a minimum of two million dollars (\$2,000,000) in comprehensive general liability insurance and worker's compensation coverage, property coverage and a professional liability policy. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us, OE Franchise LLC, and any affiliates we designate as additional named insured parties. The cost of insurance may be significantly higher than the estimate listed in Item 7 depending on such factors as particular state coverage requirements, business location, and your loss history.

Purchases from Approved Suppliers

You must purchase certain equipment, initial inventory, materials, and supplies from approved suppliers or us in establishing and operating your Office Evolution Franchise, and the approved suppliers or we are the only approved supplier of these certain items. We are the only supplier of the location approval, design and project management service. You are currently required to use the following approved products and suppliers: (1) NetSuite® CRM/ERP accounting software; (2) OE Ultimate Parent for call center services; (3) Simple Signal/Vonage, provider of telephone numbers and long distance service; (4) Merchant-E credit card processor; (5) ISONAS Security Systems for the card access system; and (6) WUN Systems LLC, provider of Internet security and control. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs. You may be required to use our designated commercial broker or broker network to locate the site for your Office Evolution Business.

During our last fiscal year, ended December 31, 2015, we derived \$0 in revenue from the sale or lease of products or services to franchisees. This revenue represents approximately 0% of our total revenue of \$490,157.

We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. We intend that any such rebates shall be deposited in the Brand Development Fund.

You must purchase all products, equipment, supplies, and materials only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately seventy percent (70%) to eighty percent (80%) of purchases required to open your Office Evolution Business and seventy percent (70%) to eighty percent (80%) of purchases required to operate your Office Evolution Business will be from us or from other approved suppliers, and under our specifications. This estimate includes your lease payments for the Office Evolution Business.

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates or volume discounts from our purchase of products we may resell to you. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers.

Approval of New Suppliers

We may update the list of approved suppliers in the Franchise Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why

such items, services, or suppliers should be approved for use in the System. We reserve the right to charge a fee to evaluate the proposed supplier of approximately \$100 to \$500 per evaluation (See Item 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 4 in Franchise Agreement Section 9 in Area Development Agreement	Item 11
b. Pre-opening purchases/leases	Section 5 in Franchise Agreement Section 9 in Area Development Agreement	Items 8 and 11
c. Site development and other pre-opening requirements	Section 4 in Franchise Agreement Section 9 in Area Development Agreement	Items 6, 7, and 11
d. Initial and ongoing training	Section 6 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
e. Opening	Sections 5 and 6 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11

Obligation	Section in Agreement	Item in Disclosure Document
f. Fees	Sections 11 and 12 in Franchise Agreement Section 3 in Area Development Agreement Section 3 in Letter of Intent	Items 5 and 6
g. Compliance with standards and policies/ operating manual	Sections 5, 6, and 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
h. Trademarks and proprietary information	Section 7 in Franchise Agreement Section 14 in Area Development Agreement	Items 13 and 14
i. Restriction on products/services offered	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 11
k. Territorial development	Sections 2 and 4 in Franchise Agreement Not Applicable in Area Development Agreement Sections 2 and 8 of Letter of Intent	Items 11 and 12
l. Ongoing product/service purchases	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Section 13 in Franchise Agreement Not Applicable in Area Development Agreement	Item 8
n. Insurance	Section 14 in Franchise Agreement Not Applicable in Area Development Agreement	Item 8
o. Advertising	Section 15 in Franchise Agreement. Not Applicable in Area Development Agreement.	Item 11

Obligation	Section in Agreement	Item in Disclosure Document
p. Indemnification	Section 10 in Franchise Agreement Section 13 in Area Development Agreement	Not Applicable
q. Owner's participation/management/staffing	Section 13 in Franchise Agreement Section 8 in Area Development Agreement	Item 15
r. Records/reports	Sections 12 and 16 in Franchise Agreement Section 20 in Area Development Agreement	Items 6 and 17
s. Inspections/audits	Sections 16 and 17 in Franchise Agreement Section 20 in Area Development Agreement	Item 6
t. Transfer	Section 18 in Franchise Agreement Section 17 in Area Development Agreement.	Item 17
u. Renewal	Section 19 in Franchise Agreement Not Applicable in Area Development Agreement.	Item 17
v. Post-termination obligations	Section 21 in Franchise Agreement Section 16 in Area Development Agreement	Item 17
w. Non-competition covenants	Section 22 in Franchise Agreement Section 12 in Area Development Agreement	Item 17
x. Dispute resolution	Section 23 in Franchise Agreement Section 22 in Area Development Agreement	Item 17
y. Other: Guaranty and Assumption of Obligations	Section 18 in Franchise Agreement Section 17 in Area Development Agreement	Not Applicable

ITEM 10 FINANCING

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

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

Except as listed below, OEF is not required to provide you with any assistance.

Pre-opening Obligations

Before you open your Office Evolution Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Provide you with our current written site selection guidelines and any other site selection counseling and assistance we deem advisable. [\(Franchise Agreement – Sections 8 and 11\).](#)
2. Provide you with advice in identifying a suitable location for the Office Evolution Business, if you request assistance (~~See~~ Franchise Agreement – Section 8). Office Evolution Business Centers range from 5,000 to 8,000 square feet. We will provide assistance and a preliminary review of up to 10 Business Center sites and assistance and a detailed review of up to two sites. The preliminary review will usually consist of a remote viewing of videos, Google street view, floor plans, broker discussions or other general reviews. The preliminary review may also be conducted in person at our discretion. The preliminary review will not include any CAD or furniture design work but these items will be included in the detailed review.

Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Office Evolution Business. We do not guarantee the suitability or success of the accepted site. We must approve the site before you sign the lease or purchase agreement. In evaluating a proposed site, we consider such factors as general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics. Our guidelines for our site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residences in the market area), size, and other physical attributes of the location, neighborhood trends, traffic counts and patterns, access and viability of site, signage restrictions, projected development costs, and proximity to shopping centers, entertainment facilities, and other businesses that attract consumers and general traffic. We will have 15 days after receipt of all requested information to approve or disapprove, in our sole discretion, the proposed site as a location for your Office Evolution Franchise. If we reject the site, we will include a written explanation of the basis for that rejection to you. [If you and we are unable to reach an agreement on an acceptable site, we may terminate the Franchise Agreement.](#)

Before leasing or purchasing the site for your Office Evolution Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, subject to our consent. The required time to open your Office Evolution will vary depending on the desired location. We will designate your required Opening Schedule when you sign the Franchise Agreement. We generally do not own the premises for the Office Evolution Business and lease it to you.

3. We may require that you use our designated designer to provide the layout and design for your Office Evolution Business premises (“Business Center”). If we do not require you to use our designated designer, we will furnish you with prototype plans and other standards and specifications for the Business Center. We must approve the final plans for the Business Center (including all mechanical,

plumbing, and engineering). We will have 30 days after we receive the information and materials to evaluate the proposed plans. If we disapprove of the plans for the Business Center, you must conform the plans to the objections and resubmit the revised plans to OEF for approval (Franchise Agreement - Section 5).

4. Designate a Protected Search Area for the Business Center in the Franchise Agreement. Once you have an approved site for your Office Evolution Business, your Protected Search Area will terminate and we will designate a Protected Territory (as defined in Item 12) for your Office Evolution Business. If you sign an Area Development Agreement, we will designate the Protected Search Area for your Office Evolution Businesses before you sign the Area Development Agreement. ([Franchise Agreement – Sections 2 and 8](#)).

5. Loan you one (1) copy of the Franchise Operations Manual, which may be in a digital format. The Franchise Operations Manual contains approximately 282 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit G (Franchise Agreement - Section 6).

6. Provide a list of approved suppliers (Franchise Agreement - Section 8).

7. Provide marketing, promotional, and public relations materials for your purchase to use in the pre-opening promotion of your Office Evolution Business. You are responsible for any printing costs that you incur (Franchise Agreement - Sections 8 and 15).

8. Provide an initial training program in Louisville, Colorado or another location designated by us (“Initial Training Program”) (Franchise Agreement – Section 6). We will provide training to you (and your Business Center Manager) on the System, System guidelines, and operational and brand standards. We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the Office Evolution System and brand standards to your key employees. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Office Evolution Business. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Office Evolution Business.

Site Selection

Our guidelines for our site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residences in the market area), size, and other physical attributes of the location, neighborhood trends, traffic counts and patterns, access and viability of site, signage restrictions, projected development costs, and proximity to shopping centers, entertainment facilities, and other businesses that attract consumers and general traffic. We will have 15 days after receipt of all requested information to approve or disapprove, in our sole discretion, the proposed site as a location for your Office Evolution Franchise. If we reject the site, we will include a written explanation of the basis for that rejection to you.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Office Evolution Business can vary from 3 to 12 months. You must purchase or lease, at your expense, the site for your Office Evolution Business under the Opening Schedule included in the Franchise Agreement. You must open your Office Evolution Business according to the opening schedule in the Franchise Agreement. This time may vary based on the specific circumstances for your

Office Evolution Business, and depending upon the time necessary to obtain an approved site, to obtain financing, to obtain the permits and licenses for constructing and operating your Office Evolution Business and to build out your site to Office Evolution specifications.

Continuing Obligations

During the operation of your Office Evolution Business, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards and procedures for the operation of your Franchise (Franchise Agreement - Section 13).
2. Provide operating assistance and written materials (including updates to the Franchise Operations Manual) about techniques for managing and operating the Office Evolution Business (Franchise Agreement - Sections 5 and 6).
3. Provide you with advice and guidance on advertising and marketing. We have the right to recommend retail prices and prescribe minimum and/or maximum retail prices for the products and/or services offered and sold at your Office Evolution Business. (Franchise Agreement – Section 15).
4. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (Franchise Agreement - Section 6).
5. Provide support and maintenance for the technology provided with the Technology Licenses. Depending on the type of Proprietary Technology, this support and maintenance may be provided by third party vendors. (Franchise Agreement – Sections 8 and 12).

Optional Assistance

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

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.
2. Make periodic visits to the Office Evolution Business for the purpose of assisting in the operation and management of the Office Evolution Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Office Evolution Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.
3. Maintain and administer the Brand Development Fund, which may provide marketing, public relations, and promotional materials or fund the costs and expenses of developing and administering social media. We reserve the right to charge you a reasonable amount for the cost of any print materials. Although we do not intend to do so, we may dissolve the brand development fund upon written notice (Franchise Agreement - Section 15).
4. Provide additional training programs at our option (Franchise Agreement - Section 6).

5. Hold periodic national or regional conferences to discuss business and operational issues affecting Office Evolution franchisees.

6. Provide for billing and certain collection services for your Office Evolution Business (Franchise Agreement - Section 12).

Advertising

Brand Development Fund

You must contribute three percent (3%) of your monthly Gross Billings (“Brand Development Fund Contribution”) to the Brand Development Fund. We reserve the right to increase this contribution to 4% upon 30 days’ written notice. In the event of such increase, we will spend a minimum of 1% on regional or national advertising. You must pay the Brand Development Fund Contribution at the same time you pay your Royalty, based on the Gross Billings you generated in the previous reporting period.

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

We have complete discretion on how the Brand Development Fund will be utilized. We may use the Brand Development Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System and any other purpose to promote the Marks. We may use any media for disseminating Brand Development Fund advertisements, including but not limited to direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Development Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, payroll, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Development Fund. We do not guarantee that advertising expenditures from the Brand Development Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Development Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing. If we terminate the Brand Development Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding year.

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

The Brand Development Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Brand Development Fund that shows how the Brand Development Fund proceeds have been spent for the previous year.

During our most recent fiscal year ended December 31, 2015, the Brand Development Fund was spent as follows: 42% on web services/digital marketing, 29% on administrative, 18% on creation and production, 6% on public relations, and 5% on the franchise convention. Neither our affiliate(s) nor we

receive payments for providing goods or services to the Brand Development Fund, except for reimbursement of expenses as described above.

Local Advertising

In addition to the Brand Development Fund Contributions, you must spend a minimum monthly amount of \$3,000 per month in your 3rd month after the Office Evolution Business opens through your 7th month. Beginning with your 8th month and continuing each additional month of operation, you must spend \$1,500 per month, as averaged over three month periods, on local marketing and public relations activities designed to build brand awareness and recruit potential clients within your market area (“Local Advertising Requirement”). If you fail to spend the Local Advertising Requirement, you will be required to pay the difference to the Brand Development Fund. The Local Advertising Requirement may be reduced or waived by us for certain established Office Evolution Businesses that have sustainable and reliable profits, as determined by us.

Through the Brand Development Fund, we may provide you with approved local marketing plans and materials on the same terms and conditions as plans and materials it furnishes to other franchisees of Office Evolution Franchises.

You may be required to participate in any local or regional advertising cooperative for Office Evolution Franchises that is established. The geographical area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative as determined by the cooperative for each Office Evolution Business that the franchisee owns that exists within the cooperative’s area. Each Office Evolution Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, as well as any caps on contribution amounts, from each member. We may require that each cooperative that exceeds five (5) franchisee members must operate with governing documents. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your protected area, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

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

You must order sales and marketing material from us or our designated suppliers, if available. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 15 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Office Evolution Business, those items or services must be in your Gross Billings, and will be subject to Royalties, Local Advertising Requirement, and the Brand Development Fund Contributions. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Development Fund.

If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes.

Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

Advisory Council

We currently do not have, but may form, an advisory council (“Council”) to advise us on advertising policies and other issues that we may request such as new products or services. Members of the Council would consist of both franchisees and corporate representatives. Members of the Council would be selected by way of a voting method specified in the Council’s bylaws. The Council would be governed by bylaws. The purpose of the Council would be to provide input regarding the Brand Development Fund and to promote communications between us and all Franchisees. The Council would serve in an advisory capacity only. We will have the power to form, change, or dissolve the Council, in our sole discretion.

Software and Computer Equipment

You are required to purchase a computer system that consists of the following hardware and software: (a) Windows or Apple computer that is not more than two (2) years old, cabling systems and switches, routers, uninterrupted power supplies, wireless access points, all WUN-required equipment, printers, copiers, fax machines, and scanners; and (b) Microsoft Office Suite 2010 or newer, NetSuite® and any other accounting-related software that we may require, automatic backup and anti-virus software (“Computer System”). We, or the manufacturer, will provide customer support for approved switches, routers, wireless access points, WUN-required equipment, phone system and NetSuite at no additional charge (these services are covered by the Technology Licenses). We estimate the cost of purchasing the Computer System will be between \$15,000 and \$35,000. The Computer System will manage the daily workflow of the Office Evolution Business, coordinate the customer scheduling experience, and other information. You must record all Gross Billings on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Billings of your Office Evolution Franchise. You must also maintain a high-speed Internet connection at the Office Evolution Business. In addition to offering and accepting Office Evolution gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine.

We will provide certain maintenance and support for the Proprietary Technology. Except for Proprietary Technology, we are not required to provide you with any ongoing maintenance, repairs, upgrades, updates, or support for your computer or office equipment. You must arrange for installation, maintenance, and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs, or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating, or upgrading the Computer System or its components because it will depend on your repair history, costs of computer maintenance services in your area, and technological advances, which we cannot predict at this time. We may revise our specifications for the Computer System periodically. You must upgrade or replace your Computer System at such time as specifications are revised.

You must have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method. After you sign the Franchise Agreement, we will provide an Office Evolution Franchise e-mail address for you and your employees. The Office Evolution Franchise

e-mail address is the only e-mail address we will use to communicate with you. You must use only your Office Evolution Franchise e-mail address for all Office Evolution business communications.

We (or our designee(s)) have the right to independently access the electronic information and data relating to your Office Evolution Franchise, and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Office Evolution Franchises. We may also send franchise opportunity advertisements to Office Evolution customers that use your Business Center. This may include posting financial information of each franchisee on an intranet website or for use in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Office Evolution Business, or from other locations.

If we or any of our affiliates develop or maintain software or other technology that we decide to license to you, we may condition your use of that software or other technology upon: (1) your execution of a license agreement or similar document; and (2) the payment of separate fees for the use of the software or technology and for maintenance and support services provided during the Office Evolution Franchise term.

Training

Initial Training

You and your Business Center Manager must complete the initial training to our satisfaction before you open your Office Evolution Business. We provide initial training at our Louisville, CO location at no cost for up to three people. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food, and similar expenses.

If at any time during the Initial Training Program it appears to us that any individual is not able to complete the training to our satisfaction, we will have the right to require that you designate a replacement to attend the training program. Each time you hire a new Business Center Manager, they are required to complete an abbreviated “Replacement Employee Initial Training Program” as outlined in the Franchise Operations Manual. There is no cost for supplemental or replacement employee training if you, your representative, or your employee attend a normally scheduled training. We may charge you our then-current fee for any training session held outside of a normally scheduled training. We may also require that you attend supplemental training before you open your Office Evolution Franchise for business. You must provide at least two (2) weeks’ notice if you request any supplemental or replacement training.

We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual(s) attending the Initial Training Program.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of Office Evolution	1	0	Louisville, Colorado
Use of the Manual	1	0	Louisville, Colorado
Human Resources	2	0	Louisville, Colorado
Marketing	4	0	Louisville, Colorado
Member Service Procedures/ Office Procedures	3	2	Louisville, Colorado
Shadowing Employees at Company-Owned Locations	0	12	Affiliate owned Office Evolution in Colorado
Telephone Answering Procedures and Capabilities	0	4	Louisville, Colorado
Sales Procedures	6	4	Louisville, Colorado
Technical Knowledge	2	2	Louisville, Colorado
NetSuite	6	2	Louisville, Colorado
Accounting/Billing/Financial Reporting	4	1	Louisville, Colorado
Totals	29	27	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. We will use the Franchise Operations Manual as the primary instruction materials during the Initial Training Program.
2. The estimated training hours may overlap or be completed remotely.
3. Holle Janzen, our Director of Recruiting and Training, currently oversees our training program to which she brings more than 2-1/2 years of management experience in the operation of Office Evolution business centers.
4. Other instructors may include experienced Office Evolution management staff, such as Mr. Hemmeter, Mr. Bloom, Ms. Proctor, Mr. Hensiek, and Mrs. Steil. The other management staff has from 11 to 30 years of experience in their areas of expertise.

Ongoing Training

From time to time, we may require that you, Business Center Managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Business Center Manager, that person must attend and successfully complete our Replacement Employee Initial Training Program before assuming responsibility for the management of your Office Evolution Business. If we conduct an inspection of your Office Evolution Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training.

In addition to participating in ongoing training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a convention fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees. If you are in default or have received a default within the previous 12 months, you may not be allowed to attend the annual meeting.

ITEM 12 TERRITORY

Protected Search Area

We will designate the Protected Search Area in the Franchise Agreement and, if applicable, the Area Development Agreement. The size of the Protected Search Area will depend on the number of Office Evolution Businesses to be developed, the demographics of the area, the population and other factors. In certain densely populated metropolitan areas, a Protected Search Area may be small, while Protected Search Areas in less densely populated urban areas may be significantly larger. Area Developers will not receive Protected Search Areas for each individual Office Evolution Business. Area Developers will receive one large Protected Search Area for all Office Evolution Businesses to be developed under the Area Development Agreement.

The Protected Search Area, under the Area Development Agreement, will be an exclusive territory to allow Area Developer to find locations for the Business Centers and Franchisees a location for their Business Center. Upon your failure to adhere to the Opening Schedule, you will lose the exclusivity granted for the Protected Search Area and it will constitute a material event of default under the Franchise Agreement, for which we may, among other things: (i) terminate the Franchise Agreement or Area Development Agreement (if it is the second failure); (ii) reduce the area of the Protected Search Area; (iii) permit you to extend the Opening Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

Franchise Agreement

The Franchise Agreement grants you: (1) the right to operate an Office Evolution Business at a single location that you select and we approve; and (2) a Protected Territory. If you have not identified an approved location for the Office Evolution Business when you sign the Franchise Agreement, as is typically the case, we will designate a Protected Search Area to search for a location for your Office Evolution Business. Once you have secured the location of the Business Center for your Office Evolution Business, we will then designate your Protected Territory and any rights that you have in the Protected Search Area will terminate.

Once you secure a location that we approve, we will grant you a protected geographic area surrounding the approved location of your Office Evolution Franchise (“Protected Territory”). During the term of the Franchise Agreement, we will not establish or allow others to establish another Office Evolution Business within your Protected Territory. Depending on the area, your Protected Territory may overlap with another franchisee’s protected territory but only your Office Evolution Business will be located in your Protected Territory. You may operate the Office Evolution Business only at the approved location. The approved location for your Office Evolution Business will be listed in the Franchise Agreement.

The size of the Protected Territory will likely differ among franchisees, and will be determined by the demographics and attributes of the area in which the Business Center is situated. As a general rule, the area will be an approximately 0 to 1 mile radius from your Business Center for a “Super Urban Area,” and approximately 1 to 3 mile radius from your Business Center for an “Urban Area,” approximately 3 to 5 mile radius from your Business Center for a “Suburban Area,” and approximately 5 to 7 mile radius from your Business Center for a “Rural/Resort Area.” We define these areas as follows: (a) “Super Urban Area”- areas in the most dense downtown areas of white collar workers of the United States; (b) “Urban Area”- areas that are primarily dense urban residential areas; (c) “Suburban Area”- moderately dense residential areas, primarily on the outskirts of larger metropolitan areas, or moderately-sized towns away from metro areas; and (d) “Rural/Resort Area” - low density residential areas in smaller towns across the United States.

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

We may provide you with web links to our mapping system or other tools that will allow you to review the various areas in your Protected Search Area.

You must follow advertising policies in our Franchise Operations Manual if you desire to directly market to or solicit customers whose principal residence is outside of your Protected Territory. These policies may change over time depending on such factors as the location and demographics of the Protected Territory and surrounding areas. If you renew your Franchise, your Protected Territory may be modified depending on the then-current demographics of the Protected Territory, and on our then-current standards for territories.

You are not guaranteed any specific approved location and you may not be able to obtain your top choice as your approved location. You may not conduct your business from any location other than the location we approve. You may not relocate the Office Evolution Business without our prior written approval. We may approve a request to relocate the Office Evolution Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Office Evolution Business, and our then-current site selection policies and procedures.

You do not receive the right to acquire additional Office Evolution Franchises within the Protected Territory unless you purchase the right in your Area Development Agreement. You are not given a right of first refusal on the sale of existing Office Evolution Franchises. The continuation of the Protected Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. Once we establish your Protected Territory, we will not change or modify it without your consent during the term of the Franchise Agreement.

Other than stated above, the franchise is non-exclusive, and we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to operate (on its own or through one or more of its Affiliates), or to grant other persons the right to operate, Office Evolution franchises or businesses, at locations and on terms OEF deems appropriate outside the Protected Search Area while in effect, and outside Protected Territory once established;
2. to offer and sell the products and services authorized for Office Evolution franchises under the Licensed Marks outside the Protected Search Area while in effect, and outside the Protected Territory once established, including, but not limited to, through electronic or digital means such as the Internet and by websites established by OEF and through telemarketing, direct marketing and other distribution methods;
3. to offer and sell the products and services authorized for Office Evolution franchises under other trademarks, service marks and commercial symbols within and outside the Protected Search Area or Protected Territory as applicable, including, but not limited to, through electronic or digital means such as the Internet and by websites established by OEF and through telemarketing, direct marketing and other distribution methods;
4. to market and promote and to grant other persons the right to market and promote the System in the Protected Search Area and Protected Territory including by electronic or digital means, such as Internet websites;
5. to own, operate or license others to own and operate, other concepts within and outside the Protected Search Area, while in effect, and the Protected Territory, once established, provided the other concepts do not use the Licensed Marks and are not similar to an Office Evolution franchise;
6. to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Office Evolution franchises, and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or the licensees of these businesses) are located or operating, which may include within the Protected Search Area and/or the Protected Territory;
7. to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at an Office Evolution franchise, even if such business operates, franchises and/or licenses competitive businesses within the Protected Search Area and/or the Protected Territory.

In the event that we acquire a business (per (6) above) or are acquired by a business (per (7) above) that provides products or services similar to those provided by you:

- a. We will not locate or allow to be located any newly developed physical locations in the Protected Search Area, while in effect, or within the Protected Territory once established;
- b. We will not permit any purchased locations in the Protected Search Area, while in effect, or within the Protected Territory, once established, to do business using the Licensed Marks or System without your prior written approval, such approval not to be unreasonably withheld by you; and

c. To the extent we have the ability to make such offer, we will offer you the right to purchase any or all existing locations in the Protected Territory on the same terms and conditions of our purchase, following the expiration or termination of the Franchise Agreement. If offered, such a right must be exercised, in writing, within six (6) months after our offer, in writing, to you.

Area Development Agreement

Under the Area Development Agreement, you are assigned a Protected Search Area in which you must develop a designated number of Office Evolution Franchises.

The Protected Search Area will terminate upon the earlier of (a) your first failure to adhere to the Opening Schedule, (b) the completion of the Opening Schedule for the final Office Evolution Business to be developed, or (c) the termination of the Area Development Agreement. Upon termination of the Area Development Agreement, the only territorial protections that you will receive will be those under each individual Franchise Agreement. Any second or additional failures to adhere to the Opening Schedule will constitute a material event of default under the Area Development Agreement, for which we may, among other things: (i) terminate the Area Development Agreement; (ii) reduce the area of the Protected Search Area; (iii) permit you to extend the Opening Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the non-exclusive right and license to operate your Franchise using our principal Marks listed below. You may also use other future trademarks, service marks, and logos we approve to identify your Office Evolution Franchise.

The Marks and the System are owned by OE Ultimate Parent, and are licensed exclusively to us. OE Ultimate Parent has granted us an exclusive license (“Trademark License”) to use the Marks to franchise the System around the world. The Trademark License is for 25 years and began on July 20, 2012. It will automatically renew for subsequent 25-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, OE Ultimate Parent has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. OE Ultimate Parent has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
office evolution	3065950	03/07/2006	Registered on the Principal Register
WE GROW ENTREPRENEURS	3957669	05/10/2011	Registered on the Principal Register
office evolution	4305002	03/19/2013	Registered on the Principal Register
officeevolution	4305120	03/19/2013	Registered on the Principal Register
oe	4405675	09/24/2013	Registered on the Principal Register
Your Business. Your Dream. Our Team.	4433572	11/12/2013	Registered on the Principal Register

All required affidavits have been filed for the registered Marks. There are no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; no pending infringement, opposition, or cancellation proceedings; and no pending material litigation involving any of the Marks. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Office Evolution Business. We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Office Evolution Business that you are an independently owned and operated licensed franchisee of OEF. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Office Evolution Business, or any interest in the franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable, at any time, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party's intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us within three (3) days if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such

action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Office Evolution Franchises, our training materials and techniques, information concerning Product and service sales, operating results, financial performance and other financial data of Office Evolution Franchises and other related materials are proprietary and confidential ("Confidential Information") and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Office Evolution Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential

Information or Trade Secrets in the operation of other Office Evolution Franchises during the term of the Franchise Agreement.

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

No patents or patents pending are material to us at this time.

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

If the franchisee is an entity, an individual must be designated to serve as the "Representative" of the franchisee and must be approved by us. The Office Evolution Franchise must at all times be under the direct, day-to-day, full-time supervision of the Representative or a business center manager ("Business Center Manager") who has satisfied our business criteria and is acceptable to us. The Representative or the Business Center Manager is responsible for the daily operation and management of the Office Evolution Franchise, must devote full time and use best efforts to the operation of the Office Evolution Franchise, and may not engage in any other business or other activity that requires any significant management responsibility, time commitment, or otherwise may conflict with the obligation to operate and manage the Office Evolution Franchise. The Representative or the Business Center Manager (or both, if we require) must also attend and complete, to our satisfaction, the Initial Training Program. The Representative and/or Business Center Manager are not required to have an equity interest in the Office Evolution Franchise.

All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement, the current form of which is attached to this Franchise Disclosure Document in Exhibit H. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owner's Agreement guarantying the obligations of the entity, in the form of which is attached to the Franchise Agreement as Attachment B.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with: (1) all of our standards and specifications for the purchase of all supplies, materials, fixtures, furnishings, equipment, computer systems, and other products used in the operation of the Office Evolution Franchise, as designated in the Franchise Operations Manual or in other written communication to you; and (2) all applicable laws and regulations, including health and safety standards, and obtain all appropriate governmental approvals relating to the Office Evolution Franchise.

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

In addition, you must honor the memberships of clients of other Office Evolution Franchises or of other Office Evolution businesses operated by us and our affiliates, and allow members of those Franchises and businesses to use your location without additional charge or as stated in the Franchise Operations Manual. We will administer any franchisee-to-franchisee collections and payments, if any, for clients who use locations in this manner, in accordance with the Franchise Operations Manual. The uniformity of services at all locations is critically important to the success of your Franchise and to the success of our System. We have the right to change the requirements for authorized products and services that may be offered, without limitation, including reallocating revenue based on a customer's use of Business Center. We may also designate some goods and services as optional for qualified franchisees, and may require special training and certification before we will allow you to offer these optional goods and services.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales.

We may suggest retail pricing for the products, merchandise, and services offered by your Office Evolution Franchise. We also reserve the right, to the fullest extent permitted by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you charge for products or services. See the Franchise Operations Manual for more information on such pricing requirements. If you sell any products, services, or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that the recommended or required price will enhance your sales or profits.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise 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	Section 2	Ten (10) years.
b. Renewal or extension of the term	Section 19	If you are in good standing and you meet other requirements, you may enter into three (3) consecutive successor terms of five (5) years.
c. Requirements for Franchisee to renew or extend	Section 19	Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must provide notice, refurbish the Business Center if necessary, and sign our then-current Franchise Agreement for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and Brand Development Fund Contributions) from the Franchise Agreement that covered your original term.
d. Termination by Franchisee	Not Applicable	Not applicable.
e. Termination by franchisor without “cause”	Not Applicable	Not applicable.
f. Termination by franchisor with “cause”	Section 20	We can terminate upon certain violations of the Franchise Agreement by you.
g. “Cause” defined – curable defaults	Section 20	You have 14 days to cure non-payment of fees and 30 days to cure defaults not listed in Section 20 of your Franchise Agreement.

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined - non-curable defaults	Section 20	Non-curable defaults include: if a franchisee becomes insolvent; makes a general assignment for the benefit of creditors; files a petition or has a petition initiated against him under federal bankruptcy laws; is adjudicated bankrupt; has receiver appointed; proceedings for composition with creditors instituted; final judgment remains unsatisfied or of record for 30 days; is dissolved or execution is levied against business or property; a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days; sells unauthorized products or services; fails three (3) or more times within 12 months to comply with a material provision of the Agreement; you (or any principal) makes a material misrepresentation on application; abandons or loses right to Office Evolution Franchise premises; is convicted of or pleads nolo contendere to felony or any crime we believe will likely have adverse effect on the System (also applies to principals); if any threat or damages to public health or safety is not immediately cured or removed; discloses any Confidential Information (also applies to principal); breaches any material aspect of covenants; transfers any rights or obligations to a third party without our written consent (also applies to principals); repeatedly commits a material event of default (also applies to principals).
i. Franchisee’s obligations on termination/non-renewal	Sections 20 and 21	Obligations include: ceasing operation of the Office Evolution Franchise and use of the Marks and System; completely de-identifying the Office Evolution Business; canceling all fictitious or assumed names; ceasing operation of an operation similar to an Office Evolution Franchise; paying all amounts due to us or our affiliates; returning all Franchise Operations Manuals, software, and other proprietary materials; complying with confidentiality requirements; and, at our option, selling or assigning to us your rights in the Office Evolution Franchise premises and the equipment and fixtures used in the Office Evolution Business at fair market value.
j. Assignment of contract by franchisor	Section 18	No restriction on our right to assign.
k. “Transfer” by Franchisee – defined	Section 18	Includes voluntary or involuntary sale, assignment, subdivision, sub-franchising, or other transfer, including merger, consolidation issuing additional securities, conversion to partnership or limited partnership, or transfer caused by divorce or death.

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by Franchisee	Section 18	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 18	Transferee must meet qualifications; all monetary obligations must be paid; you must not be in default of any provisions of Franchise Agreement; transferor and its principals must sign general release; transferee must assume all obligations and responsibilities of Franchisee; upgrade Office Evolution Franchise to current specifications; satisfactorily complete training; and pay transfer fee.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 18	We have 30 days to match any offer for your Office Evolution Business.
o. Franchisor's option to purchase Franchisee's business	Section 21	We may, but are not required to, purchase your Office Evolution assets at fair market value if your Franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Death or disability of Franchisee	Section 18	Upon death or permanent disability of Franchisee, a competent manager must be appointed within 30 days, and interest must be transferred within 12 months.
q. Non-competition covenants during the term of the Franchise	Section 22	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the Franchise is terminated or expires	Section 22	No competing business for two (2) years in Protected Territory granted Franchisee by a Franchise Agreement, or within Protected Territory of any other of our franchisees, or within a five (5)-mile radius of any Office Evolution Franchise in existence or under construction, or where land has been purchased or leased by any of our franchisees or by us.
s. Modification of agreement	Sections 6 and 24	No modification to Franchise Agreement except in writing and signed by both Franchisee and us. Franchise Operations Manual can be modified as long as the modification does not alter your fundamental status and rights. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 24	Only the written terms of the Franchise Agreement are binding (subject to state law). Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23	Except for certain claims, all disputes must be mediated and arbitrated in Louisville, Colorado.
v. Choice of forum	Section 24	All disputes must be mediated, arbitrated, and if applicable, litigated in Louisville, Colorado, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 24	Colorado law applies, subject to any contrary provision contained in the State-Specific Addendum (See <u>Exhibit J</u>), subject to applicable state law.

This table lists certain important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Development Agreement	Summary
a. Length of the term	Section 3	Term in Area Development Agreement ends on last day of development period in Opening Schedule, estimated to be between three (3) to five (5) years.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for Area Developer to renew or extend	Section 4	To obtain the rights to develop additional Office Evolution Businesses, you must have complied with the terms of the Area Development Agreement and agree in writing to a new Opening Schedule. You may be required to sign a new area development agreement and any ancillary documents, and this new agreement may be materially different and may have different terms and conditions from your original Area Development Agreement; pay then-current initial development fee.
d. Termination by Area Developer	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.

Provision	Section in Area Development Agreement	Summary
f. Termination by franchisor with “cause”	Section 15	We can terminate upon certain violations of the Area Development Agreement by you.
g. “Cause” defined - curable defaults	Section 15	Failure to meet Opening Schedule; failure to comply with all terms of Area Development Agreement and any executed Franchise Agreement
h. “Cause” defined – defaults which cannot be cured	Section 15	Non-curable defaults include: if an Area Developer becomes insolvent; makes a general assignment for the benefit of creditors; files a petition or has a petition initiated against him under federal bankruptcy laws; is adjudicated bankrupt; has receiver appointed; proceedings for composition with creditors instituted; final judgment remains unsatisfied or of record for 30 days; is dissolved or execution is levied against business or property; a suit to foreclose a lien or mortgage is initiated and not dismissed within 30 days; sells unauthorized products or services; fails two (2) or more times in any one (1)-year period to comply with a material provision of the Area Development Agreement; you (or any principal) makes a material misrepresentation on application; abandons or loses right to Office Evolution Franchise premises; is convicted of or pleads nolo contendere to felony or any crime we believe will likely have adverse effect on the System (also applies to principals); if any threat or damages to public health or safety is not immediately cured or removed; discloses any Confidential Information (also applies to principal); breaches any material aspect of covenants; repeatedly commits a material event of default (also applies to principals).
i. Developer’s obligations on termination/non-renewal	Sections 15 and 16	Termination of the Area Development Agreement will end your rights to open Office Evolution Franchises.
j. Assignment of contract by franchisor	Section 17	No restriction on our right to assign.
k. “Transfer” by Area Developer – defined	Section 17	Includes sell, assign, transfer, convey, give away, pledge mortgage or encumber any direct or indirect interest in the Area Development Agreement.
l. Franchisor approval of transfer by Area Developer	Section 17	We have the right to approve all transfers.

Provision	Section in Area Development Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 17	Proposed transferee must qualify; all transferee's principals must execute documents assuming all obligations of Area Developer pursuant to the Area Development Agreement and sign then-current Franchise Agreement; Area Developer and all principals must not be in default of any obligations; execute general release; and pay transfer fee.
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 17	We have 30 days to match any offer for your Office Evolution Business.
o. Franchisor's option to purchase Area Developer's business	Not Applicable	Not Applicable.
p. Death or disability of Area Developer	Section 17	Interest must be transferred to a third party within 12 months after death or within six (6) months after permanent disability.
q. Non-competition covenants during the term of the Area Development Agreement	Section 12	No involvement in competing business anywhere in U.S.
r. Non-competition covenants after the Area Development Agreement is terminated or expires	Section 12	No competing business for two (2) years in Area Developer's Protected Search Area, or in Protected Search Area of any other Area Developer, or within a five (5)-mile radius of any Office Evolution Franchise in existence or under construction, or where land has been purchased or leased by any of our franchisees or by us.
s. Modification of the Area Development Agreement	Section 23	No modifications except in writing and signed by both Area Developer and OEF. Nothing in the Area Development Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
t. Integration/merger clause	Section 23	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside the Franchise Disclosure Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration	Section 22	Except for certain claims, all disputes must be mediated and arbitrated in Broomfield, Colorado.
v. Choice of forum	Section 18	All disputes must be mediated, arbitrated, and if applicable, litigated in Broomfield, Colorado, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 18	Colorado law applies, subject to any contrary provision contained in the State-Specific Addendum (See <u>Exhibit J</u>), subject to applicable state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our Franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2015, we had 13 franchised Office Evolution Businesses and seven affiliate owned Office Evolution Businesses.

AFFILIATE LOCATIONS

Of the seven affiliate locations, four currently operate the "Core Model" of the Office Evolution business which is a location with between 5,000 and 8,000 square feet of office space. We only offer Franchises for the Core Model, except in the case of conversions where the location may be larger. Three affiliate locations were larger than the Core Model (ranging from 9,200 to 20,200 square feet) in size and their financial information is not included in this Item 19. All three of these locations exceeded the Gross Revenue Average provided in Table One below.

The information in table one below is a historical financial performance representation for four of the affiliate locations ("Affiliate Core Model Group") from 2012 to 2015. The Affiliate Core Model Group consists of Office Evolution Business located in the following areas of Colorado: Boulder; Downtown Denver; Denver West/Golden; and Denver Tech Center.

The financial information was prepared from expense and sales records and reports. The numbers have not been audited but we have no reason to doubt their accuracy. Franchised Office Evolution Businesses will share some of the same characteristics as affiliate locations, including degree of competition, services and goods offered, except the affiliate locations do not pay Royalties, Technology License fees (although they do incur technology costs from third party vendors), Brand Development Fund Contributions, Call Center Allocations, and Setup Fees. We have provided actual financial information of the Affiliate Core Model Group and we have also adjusted the historical financial information to reflect operations in the franchise model going forward ("Franchise Related Adjustments"). The Franchise Related Adjustments include adding a Royalty payment, adding Brand Development Fund Contributions, and adding estimated Technology License, Call Center and Setup Fees. Franchise locations may or may not have similar expenses and they may have additional expenses to the ones listed in the table below.

Table One
Affiliate Core Model Group Annual Average Revenue and Expenses

2012	2013	2014	2015	Average
------	------	------	------	---------

<u>Gross Revenue</u>					
Office Memberships	\$165,308	\$171,267	\$192,490	\$203,515	\$183,145
Virtual Office Memberships	\$126,495	\$136,422	\$140,975	\$150,387	\$138,570
Guest Conference Room Usage	\$12,047	\$17,138	\$15,799	\$13,354	\$14,585
Other & Misc.	\$45,149	\$39,965	\$42,169	\$59,192	\$46,619
Promotions & Discounts	(\$2,565)	(\$3,686)	(\$3,631)	(\$2,290)	(\$3,043)
<u>Total Gross Revenue</u>	\$346,435	\$361,106	\$387,802	\$424,159	\$379,876
<u>Operating Expenses</u>					
Payroll & Benefits	\$42,430	\$44,192	\$52,410	\$45,349	\$46,095
Rent & Facilities	\$129,857	\$116,515	\$158,161	\$163,795	\$142,082
Sales & Marketing	\$5,021	\$4,016	\$6,852	\$4,456	\$5,086
Network & Systems	\$11,123	\$9,011	\$9,617	\$6,763	\$9,129
Location Operations	\$6,134	\$6,600	\$9,359	\$8,525	\$7,654
General & Admin	\$1,994	\$2,874	\$2,334	\$2,575	\$2,444
<u>Total Operating Expenses</u>	\$196,560	\$183,208	\$238,733	\$231,462	\$212,491
<u>Franchise Related Adjustments*</u>					
Royalties	\$25,983	\$27,083	\$29,085	\$31,812	\$28,491
Brand Development Fund Contributions	\$10,393	\$10,833	\$11,634	\$12,725	\$11,396
Adjusted Technology Licenses	\$1,188	\$1,188	\$3,588	n/a	\$1,491
Call Center Allocations	\$14,723	\$15,347	\$16,482	n/a	\$11,638
Setup Fees	\$3,000	\$3,000	\$3,000	n/a	\$2,250
Cost of Sales	n/a	n/a	n/a	\$36,086	\$9,021
Net Operating Income After Franchise Adjustments	\$94,588	\$120,446	\$85,281	\$112,075	\$103,097

Table One Notes

- 1) Gross Revenue includes all receipts and income of any kind from the sale of products or the performance of services, including the full value of products and services provided in exchange for non-monetary consideration such as services provided in trades or barter transactions, but specifically excludes (a) security deposits paid by clients; and (b) sales, use and similar taxes collected from clients.
- 2) Expenses include all expenses attributable to a particular location such as rent, janitorial services, office-specific technology costs, repairs, payroll, employee benefits, office supplies, copier leases and other direct expenses. Expenses do not include shared administrative expenses which were incurred at the corporate level such as supervision, regional marketing, insurance, banking and credit card fees, bad debts and other similar costs and expenses that were not directly attributable to a particular location. Free rent or other landlord concessions may also impact the expenses incurred by a particular location.
- 3) For the 2015 information in the chart above, we calculated the pro forma Technology Licenses (at \$499 per month), pro forma Call Center Allocations and pro forma Setup Fee costs. In 2012, 2013 and the first six months of 2014, the Technology Licenses were estimated to include only the NetSuite License fee. For the final six months of 2014 we included the full Technology License cost at \$499 per month. The Call Center Allocations were estimated at 4.25% of Total Revenue in 2012, 2013 and 2014. To get this percentage, we used the 2015 amount at \$.85/minute and converted it to a percentage of revenue figure for the previous years. We did not know the previous amounts so we estimated it using 2015. Setup Fees were estimated at five new members per location per month for 2012, 2013, and 2014. In 2015 the Technology Licenses, Call Center Allocations and Setup Fees

costs were all included in the Cost of Sales.

- 4) Net Operating Income After Franchise Adjustments equals Gross Revenue minus Total Operating Expenses minus Franchise Related Expenses.
- 5) The Average column represents the mathematical average of each revenue or expense line item from 2012 through 2015.
- 6) Three Office Evolution businesses currently operate at larger locations ranging from 9,200 square feet to 20,200 square feet. A fourth Office Evolution business, Littleton, was sold to an existing franchisee and subsequently relocated and enlarged in December 2015. The previous location was only 3,900 square feet. These four locations have different characteristics from the Office Evolution businesses disclosed in the above tables and from the Office Evolution® franchise that you will operate. We did not include the results for those four Office Evolution businesses because we do not consider those locations to be similar to the Core Model being offered to you. These four locations were all owned and operated by Boulder Office Partners until December 31, 2012 and, except for Littleton, are now owned and operated by our affiliate and are located in the following cities in Colorado: Louisville, Interlocken, and Park Meadows.
- 7) 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Revenue set forth for 2012. 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Net Operating Income After Franchise Adjustment set forth for 2012.
- 8) 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Revenue set forth for 2013. 3 out of 4 of the Affiliate Core Model Group or 75% met or surpassed the average Net Operating Income After Franchise Adjustment set forth for 2013.
- 9) 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Revenue set forth for 2014. 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Net Operating Income After Franchise Adjustment set forth for 2014.
- 10) 3 out of 4 of the Affiliate Core Model Group or 75% met or surpassed the average Revenue set forth for 2015. 2 out of 4 of the Affiliate Core Model Group or 50% met or surpassed the average Net Operating Income After Franchise Adjustment set forth for 2015.
- 11) In estimating the Franchise Related Adjustments, we added expenses based on our and our affiliates' experience in operating Office Evolution Businesses and our assumptions on the operating differences between an affiliate-owned Business Center and a franchisee-owned Business Center. If our assumptions were incorrect, a franchisee's actual expenses may vary from the Franchise Related Adjustments. There may be other costs that franchisees may incur that are not listed in the tables. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.

The Franchise Related Adjustments in the tables above present financial projections. These projections are based on historical information. Certain assumptions and bases were made for these projections and we present these assumptions below. Any change in these assumptions would require material alterations to the projections.

Assumptions:

1. Added Expenses. In making the Franchise Related Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.

FRANCHISEE LOCATIONS

Of the 13 franchisee locations, five were open and operating at least one year as of December 31, 2015 (“Franchisee Group”). Eight were not open a full year as of December 31, 2015 and their financial information is not included in this Item 19 except as noted in the Key Operating Statistics section below. The information in table two below is a historical financial performance representation for the Franchisee Group.

Table Two

2015 Financial Information for Franchisee Group	
Average Office Revenue	\$176,203
Average Virtual Revenue	\$32,269
Average Guest Revenue	\$5,440
Average Other & Misc. Revenue	\$30,162
Average Promotions & Discounts	(\$8,256)
Average Gross Revenue	\$235,817 ⁽²⁾

Table Two Notes

- 1) Gross Revenue includes all receipts and income of any kind from the sale of products or the performance of services, including the full value of products and services provided in exchange for non-monetary consideration such as services provided in trades or barter transactions, but specifically excludes (a) security deposits paid by clients; and (b) sales, use and similar taxes collected from clients.
- 2) 3 out of 5 of the Franchisee Group or 60% met or surpassed the Average Gross Revenue set forth for 2015.

KEY OPERATING STATISTICS

The information below is historical financial information of all 20 of the Office Evolution Businesses (including the seven affiliate locations) that were operating in 2015. We analyzed the yearly average and the monthly average and, based on the similarities between the two, presented averages based on the month of December 2015. This allowed us to provide more detailed information regarding the number of locations that met or exceeded the average.

Average Revenue per Virtual Member Per Month **\$177**

Note: This was calculated using information from all Office Evolution Businesses and by dividing the total revenue received from virtual clients in December 2015 by the number of virtual clients. Of the 20 Office Evolution Businesses, 9 or 45% met or exceeded the average. The low Average Revenue per Virtual Member per Month in December 2015 at an Office Evolution Business was \$84 while the high was \$230.

Average Revenue per Office Member Per Month **\$1,061**

Note: This was calculated using information from all Office Evolution Businesses and by dividing the total revenue from “office” or “tenant” members in a month by the number of those members. This is an average per member, not per Office. Of the 20 Office Evolution Businesses, 9 or 45% met or exceeded the average. The low Average Revenue per Office Member per Month in December 2015 at an Office Evolution Business was \$665 while the high was \$1,924.

The information below is historical information of the Affiliate Core Model Group (the four Core Model Office Evolution Businesses) and those two franchised Office Evolution Businesses that were open for business prior to 2014.

Number of Virtual Members per Location

74 per location

Note: Any locations opened in 2014 or 2015 have not had sufficient time to fully develop their virtual office business and were not included. Also, we have not included any locations that do not follow the Core Model with between 5,000 and 8,000 square feet of office space. Of the 6 Office Evolution Businesses, 2 or 33% met or exceeded the average. The low Number of Virtual Members in December 2015 at an Office Evolution Business was 25 while the high was 110.

The information below is historical information of those 17 Office Evolution Businesses (including the Affiliate Core Model Group) that reported rent and facility costs in December (but excluding any location receiving free rent).

Average Location Rent Expense

\$24.80/square foot/year

Note: Rent and facility costs at franchised Office Evolution Businesses are reported by the franchisees and we make no guaranty of their accuracy. Depending on how the franchisee records this expense, the reported rent may not include janitorial or tenant electric. The high rate was \$48/square foot per year and the low rate was \$15/square foot per year. Of the 17 Office Evolution Businesses, 6 or 35% met or exceeded the average.

You should conduct your own independent research and due diligence to assist you in preparing your own projections. A new franchisee's individual financial results are likely to differ from the result stated in this financial performance representation.

Other than the information provided in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mark Hemmeter, CEO, 357 McCaslin Blvd, Suite 200, Louisville, CO 80027, (877) 449-0498, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2013-2015

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2013	0	1	+1
	2014	1	5	+4
	2015	5	13	+8

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2013	8	8	0
	2014	8	8	0
	2015	8	7	-1
Total Outlets	2013	8	9	+1
	2014	9	13	+4
	2015	13	20	+7

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2013-2015

State	Year	Number of Transfers
Totals	2013	0
	2014	0
	2015	0

Table No. 3
Status of Franchised Outlets
For Years 2013-2015

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
California	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
Colorado	2013	0	1	0	0	0	0	1
	2014	1	1	0	0	0	0	2
	2015	2	1	0	0	0	0	3
Illinois	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
Ohio	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	2	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Utah	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	3	0	0	0	0	4
Totals	2013	0	1	0	0	0	0	1
	2014	1	4	0	0	0	0	5
	2015	5	8	0	0	0	0	13

Table No. 4
Status of Company-Owned Outlets
For Years 2013-2015

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2013	8	0	0	0	0	8
	2014	8	0	0	0	0	8
	2015	8	0	0	0	1	7
Total Outlets	2013	8	0	0	0	0	8
	2014	8	0	0	0	0	8
	2015	8	0	0	0	1	7

Table No. 5
Projected Openings as of
December 31, 2015 for 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	3	0
California	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
New Jersey	3	3	0
Illinois	0	0	0
Ohio	1	1	0
Utah	0	1	0
Arizona	0	1	0
South Carolina	0	1	0
Minnesota	1	0	0
Massachusetts	1	1	0
Total	6	13	0

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and telephone number of every current franchisee and every franchisee who has had an Office Evolution Franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one (1)-year period ending December 31, 2015, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit E. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Office Evolution Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Office Evolution Franchise System. If you buy an Office Evolution Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

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

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2015, December 31, 2014, and December 31, 2013. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit H	Contracts for use with the Office Evolution Franchise
Exhibit J	State Addenda and Agreement Riders

ITEM 23 RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date, and return one (1) copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

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

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

<u>CALIFORNIA</u> <u>State Administrator and Agents for Service of Process:</u> Department of Business Oversight 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360 <u>Agents for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 <u>MICHIGAN</u> Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117 <u>MINNESOTA</u> Department of Commerce Commissioner of Commerce 85 Seventh Place East, #500 St. Paul, MN 55101-3165 (651) 539-1600 <u>NEW YORK</u> <u>Administrator:</u> Office of the New York Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 (Phone) (212) 416-6042 (Fax) <u>Agents for Service of Process:</u> Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	<u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712 <u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex, Bldg. 69-1 Cranston, RI 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 <u>Agent for Service of Process:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 <u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364
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Rev. 071715

EXHIBIT B

FINANCIAL STATEMENTS

OE FRANCHISE, LLC
Financial Statements
with Report of Independent Auditors
December 31, 2015



OE FRANCHISE, LLC

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Independent Auditor's Report

To the Member
OE Franchise, LLC

We have audited the accompanying financial statements of OE Franchise, LLC, which comprise the balance sheet as of December 31, 2015, and the related statements of operations, changes in member's equity, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 OE Franchise, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of OE Franchise, LLC as of December 31, 2014, were audited by other auditors whose report dated March 25, 2015, expressed an unmodified opinion on those statements.

Kezos & Dunlavy

St. George, Utah
February 16, 2016

OE FRANCHISE, LLC
Balance Sheets
As of December 31, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash and cash equivalents	\$ 63,100	\$ 18,974
Accounts receivable, net of \$0 allowance for doubtful accounts of as December 31, 2015 & 2014	34,499	15,567
Prepaid expenses	2,456	2,774
Deferred commission expense	146,000	-
Related party receivables	194,813	319,642
Total current assets	440,868	356,957
Intangible assets, net	-	17,801
Fixed assets, net	5,884	3,987
Total assets	<u>\$ 446,752</u>	<u>\$ 378,745</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 30,574	\$ 63,906
Deferred revenue	325,000	-
Related party loans	130,848	175,697
Total liabilities	486,422	239,603
Member's equity:		
Accumulated member's equity (deficit)	(39,670)	139,142
Total member's equity (deficit)	(39,670)	139,142
Total liabilities and member's equity (deficit)	<u>\$ 446,752</u>	<u>\$ 378,745</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Operations
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue:		
Franchise sales	\$ 198,000	\$ 329,000
Royalty income	149,751	20,071
Marketing fund	39,934	5,352
Other franchise revenue	<u>102,472</u>	<u>32,699</u>
Total revenue	490,157	387,122
Operating expenses:		
General and administrative expenses	376,566	179,070
Professional fees	53,153	41,554
Marketing expenses	219,077	401,906
Depreciation and amortization	<u>20,174</u>	<u>36,341</u>
Total operating expenses	668,969	658,871
Net (loss)	<u><u>\$ (178,812)</u></u>	<u><u>\$ (271,749)</u></u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
 Statements of Member's Equity (Deficit)
 For the years ended December 31, 2015 and 2014

	Accumulated Member's Equity (Deficit)	Total Member's Equity (Deficit)
Balances at December 31, 2013	\$ 410,891	\$ 410,891
Net loss	<u>(271,749)</u>	<u>(271,749)</u>
Balances at December 31, 2014	139,142	139,142
Net operating loss	<u>(178,812)</u>	<u>(178,812)</u>
Balances at December 31, 2015	<u><u>\$ (39,670)</u></u>	<u><u>\$ (39,670)</u></u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net loss	\$ (178,812)	\$ (271,749)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	20,174	36,341
Changes in operating assets and liabilities:		
Accounts receivable	(18,932)	(15,567)
Deferred commissions	(146,000)	-
Prepaid expenses	318	(2,774)
Accounts payable	(33,332)	(25,828)
Deferred revenue	325,000	-
Net cash used by operating activities	<u>(31,585)</u>	<u>(279,577)</u>
Cash flows from investing activities:		
Purchase of equipment	(4,270)	(4,721)
Related party receivables	124,829	23,716
Net cash provided by investing activities	<u>120,559</u>	<u>18,995</u>
Cash flows from financing activities:		
Related party loans	(44,849)	175,697
Net cash provided (used) by financing activities	<u>(44,849)</u>	<u>175,697</u>
Net change in cash and cash equivalents	44,126	(84,885)
Cash and cash equivalents at beginning of period	18,974	103,859
Cash and cash equivalents at end of period	<u>\$ 63,100</u>	<u>\$ 18,974</u>
Cash paid for interest	<u>\$ 554</u>	<u>\$ 87</u>

The accompanying notes are an integral part of the financial statements.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2015

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

OE Franchise, LLC (the "Company") was formed on May 15, 2012 in the State of Colorado as a limited liability company for the principle purpose of conducting franchise sales, marketing and management. The Company is a franchisor offering franchises for the establishment, development, and operation of an office evolution® business that provides virtual office services including live answering service and call management with executive suites, offices for lease, temporary office rentals, conference and training room rentals, business center locations and other products and services authorized by the Company. It has developed a distinct business system (the "System"), which includes the Company's methods and procedures for establishing and operating office evolution® franchises.

The Company's parent is Boulder Office Partners, LLC, a Colorado limited liability company. The Company has one affiliate, OE Colorado, LLC, a Colorado limited liability company. The affiliate operates 8 office evolution® businesses of the type the Company is franchising and began operating its first location on April 1, 2003.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the Utah States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included within cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2015 and 2014, the Company had cash and cash equivalents of \$63,100 and \$18,974 respectively.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and upon provision/shipment and invoicing of services or materials from the Company's offices. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2015

allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2015 and 2014, the Company had receivables of \$34,499 and \$15,567 respectively. The Company concluded that all of the receivables were fully collectible as of December 31, 2015 and 2014 and consequently no allowance for doubtful accounts has been established.

(f) Intangible Assets

Intangible assets consist principally of, intellectual property and franchise development costs. The Company has established an intangible asset for the cost of development of the Company's franchise system.

The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as franchise development costs) are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Franchise development costs are amortized over a period of 3 years using the straight-line method or until redevelopment of the franchise system occurs. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

(g) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. Expenditures for major improvements are capitalized; expenditures for maintenance, repairs and minor improvements are charged to expense as incurred. Upon the sale or retirement of property, plant and equipment, any gain or loss on disposition is reflected in results of operations (in other income (expense)), and the related asset cost and accumulated depreciation or amortization are removed from the respective accounts.

(h) Revenue Recognition

The Company's revenues consist of fees from franchisees such as initial fees, royalties, renewal fees, transfer fees and proceeds from the sale of services. The franchise agreements offered under the Company's Uniform Franchise Disclosure Document have a term of ten years. The initial franchise fee is \$45,000 for a single territory franchise. If a franchisee decides to develop more than one territory, the franchisee signs an Area Development Agreement and pays \$45,000 for the first franchise plus \$29,000 for each additional franchise that the franchisee agrees to develop. The franchise sale is recognized as revenue when the Company has performed substantially all initial services required by the franchise agreement. Those initial services are generally considered substantially performed when the franchisee has completed the initial training. The renewal fee is \$2,000 and is recognized as revenue when a renewal agreement with the franchisee becomes effective.

For franchise offices that have not completed the required training as of the end of a reporting period, the portion of the franchise license fee, net of direct costs recognized related to commissions and fees paid is deferred until the office has opened.

The franchisees are required to pay the Company a monthly royalty fee of 7.5% of gross revenues. Advertising fund contributions (national brand development funds) of 2% of revenue per month is also required by franchisees. Franchisees also pay a monthly technology service allocation (TSA), a monthly call center allocation (CCA), and member set-up fees. Royalty revenue, advertising fund contributions, TSAs, CCAs, and set-up fees are recognized in the period earned.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2015

(i) Income Taxes

The entity is structured as a limited liability company under the laws of the state of Colorado and has elected to be taxed as a disregarded entity for income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax return of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. The Company was organized and began operations in 2012, accordingly as of December 31, 2015, the following tax years are subject to examination:

Jurisdiction	Open Years for Filed Returns	Return Filed in 2015
Federal	2012 – 2014	2014
Colorado	2012 – 2014	2014

(j) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2015 and 2014 were \$91,197 and \$401,906 respectively.

(k) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(l) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Receivables and Loans

As of the years ended December 31, 2015 and 2014, the Company had a receivable from its parent company for cash advanced to cover operating costs of \$183,961 and \$308,790, respectively. At December 31, 2015 and 2014 the Company was also owed from related parties other than the parent \$10,852 and \$10,852, respectively. The Company owed its affiliate, who loaned the Company funds to cover operating costs, \$130,848 and \$175,697 as December 31, 2015 and 2014, respectively. These amounts are due on demand, bear no interest and have no repayment terms.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2015

(3) Property, Plant, and Equipment

Equipment consists of the following at December 31:

	2015	2014
Computer equipment	\$ 3,989	\$ 1,221
Leasehold improvements	1,501	-
Software	3,500	3,500
Less accumulated depreciation	(3,106)	(734)
	<u>\$ 5,884</u>	<u>\$ 3,987</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$2,373 and \$734, respectively.

(4) Intangible Assets

	2015	2014
Franchise organizational assets	\$ 106,818	\$ 106,818
Less accumulated amortization	(106,818)	89,017
	<u>\$ -</u>	<u>\$ 195,835</u>

Amortization expense for the years ended December 31, 2015 and 2014 was \$17,801 and \$35,607, respectively.

(5) Deferred Commissions and Revenue

During the year ended December 31, 2015, the Company sold one single franchise unit and three multiple franchise units for \$45,000, \$74,000, \$103,000 and \$103,000 respectively. As of December 31, 2015, the Company determined it had not performed all of its significant obligations under the franchise agreements, and accordingly, in accordance with its revenue recognition policy, elected to defer the franchise unit revenue and associated commissions until such time as it had performed its obligations. Associated commissions were \$24,000, 34,000, \$44,000 and \$44,000 for the sales respectively. Had the Company completed its obligations relative to the sales, and recognized the associated revenue and expense, net operating results for the year would have increased \$179,000.

(6) Commitments and Contingencies

(a) *Litigation*

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

OE FRANCHISE, LLC
Notes to the financial statements
December 31, 2015

(b) Consulting Agreement

The Company had entered into a consulting agreement with a third party to provide certain sales services to the Company. The term of the agreement was for five years beginning August 1, 2013. During the term of the agreement the Company paid a monthly fee of \$5,835 per month and fees ranging from \$11,500 to \$13,000 for each franchise sold by the consultant. In addition, the Company agreed to support the sales effort of the consultant by investing \$100,000 in targeted advertising of the Company's franchise concept during the first year of the agreement. This agreement was terminated as of March 31, 2014 and the Company paid a \$75,000 early termination fee which is included as an advertising expense in the accompanying financial statements, no further obligation exists.

(7) Date of Management's Evaluation

Management has reviewed and evaluated subsequent events through the date on which the financial statements were issued.

OE FRANCHISE, LLC

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OE FRANCHISE, LLC

**FINANCIAL REPORT
AS OF DECEMBER 31, 2014**





Independent Auditor's Report

To the Member
OE Franchise, LLC
Boulder, Colorado

We have audited the accompanying balance sheet of OE Franchise, LLC as of December 31, 2014 and 2013, and the related statements of operations, changes in Member's equity and cash flows for the years ended December 31, 2014 and 2013 and for the period from May 15, 2012 (Inception) through December 31, 2012.

Management's Responsibility for the Financial Statements

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

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OE Franchise, LLC as of December 31, 2014 and 2013, and the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 2014 and 2013 and for the period from May 15, 2012 (Inception) through December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

Jones Group CPAs

Denver, Colorado
March 25, 2015

JONES GROUP
CPAs & Advisors

302 Eliot Street Denver, CO 80223 • Office 303.377.6488 • Fax 303.377.6498 • JonesGroupCPA.com

**OE FRANCHISE, LLC
BALANCE SHEETS**

	AS OF DECEMBER 31,	
	2014	2013
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 18,974	\$ 103,859
Accounts receivable	15,567	-
Prepaid expenses	2,774	-
Due from related parties	319,642	343,358
TOTAL CURRENT ASSETS	356,957	447,217
INTANGIBLE ASSETS, NET	17,801	53,408
FIXED ASSETS, NET	3,987	-
TOTAL ASSETS	\$ 378,745	\$ 500,625
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 63,906	\$ 89,734
Due to related parties	175,697	-
TOTAL CURRENT LIABILITIES	239,603	89,734
TOTAL LIABILITIES	239,603	89,734
MEMBER'S EQUITY	139,142	410,891
TOTAL LIABILITIES & MEMBER'S EQUITY	\$ 378,745	\$ 500,625

The accompanying notes are an integral part of these financial statements.

OE FRANCHISE, LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		For The Period From May 15, 2012 (Inception) to December 31,
	2014	2013	2012
REVENUES			
Franchise sales	\$ 329,000	\$ 220,000	\$ 39,000
Royalty fees	20,071	-	-
Marketing fund	5,352	-	-
Other revenue	32,699	-	-
TOTAL REVENUES	<u>387,122</u>	<u>220,000</u>	<u>39,000</u>
OPERATING EXPENSES			
General and administrative	179,070	34,448	88,073
Marketing and advertising	401,906	344,804	116,874
Professional services	41,554	72,495	47,505
Depreciation and amortization	36,341	53,410	-
TOTAL OPERATING EXPENSES	<u>658,871</u>	<u>505,157</u>	<u>252,452</u>
NET LOSS	<u>\$ (271,749)</u>	<u>\$ (285,157)</u>	<u>\$ (213,452)</u>

The accompanying notes are an integral part of these financial statements.

OE FRANCHISE, LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY

	Member's Equity	Retained Earnings	Total Member's Equity
BALANCE, MAY 15, 2012, (INCEPTION)	\$ -	\$ -	\$ -
Member Contributions	372,500	-	372,500
Net (loss)	-	(213,452)	(213,452)
BALANCE, DECEMBER 31, 2012	372,500	(213,452)	159,048
Member Contributions	537,000	-	537,000
Net (loss)	-	(285,157)	(285,157)
BALANCE, DECEMBER 31, 2013	909,500	(498,609)	410,891
Net (loss)	-	(271,749)	(271,749)
BALANCE DECEMBER 31, 2014	<u>\$ 909,500</u>	<u>\$ (770,358)</u>	<u>\$ 139,142</u>

The accompanying notes are an integral part of these financial statements.

OE FRANCHISE, LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		For The Period From May 15, 2012 (Inception) to December 31,
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ (271,749)	\$ (285,157)	\$ (213,452)
Adjustments to reconcile net (loss) to cash provided (used) by operating activities:			
Depreciation and amortization expense	36,341	53,410	-
Decrease (increase) in:			
Accounts receivable and prepaids	(15,567)	-	-
Prepaid expenses	(2,774)		
Due from related parties	23,716	(310,975)	(32,383)
Increase (decrease) in:			
Accounts payable	(25,828)	37,236	52,498
Due to related parties	175,697		
Net cash (used) by operating activities	<u>(80,164)</u>	<u>(505,486)</u>	<u>(193,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Franchise organization costs	-	-	(106,818)
Purchase of equipment	<u>(4,721)</u>	<u>-</u>	<u>-</u>
Net cash (used) in investing activities	<u>(4,721)</u>	<u>-</u>	<u>(106,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	-	537,000	372,500
Net cash provided by financing activities	<u>-</u>	<u>537,000</u>	<u>372,500</u>
NET INCREASE (DECREASE) IN CASH	(84,885)	31,514	72,345
CASH, beginning	103,859	72,345	-
CASH, ending	<u>\$ 18,974</u>	<u>\$ 103,859</u>	<u>\$ 72,345</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

OE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OE Franchise, LLC, a Colorado limited liability company (the "Company") was formed on May 15, 2012 ("Inception"). The Company is a franchisor offering franchises for the establishment, development, and operation of an office evolution® business that provides virtual office services including live answering service and call management with executive suites, offices for lease, temporary office rentals, conference and training room rentals, business center locations and other products and services authorized by the Company. It has developed a distinct business system (the "System"), which includes the Company's methods and procedures for establishing and operating office evolution® franchises.

Parent and Affiliates

The Company's parent is Boulder Office Partners, LLC, a Colorado limited liability company. The Company has one affiliate, OE Colorado, LLC, a Colorado limited liability company. The affiliate operates 8 office evolution® businesses of the type the Company is franchising and began operating its first location on April 1, 2003.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2014 and 2013.

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales and royalty fees. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Management regularly evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. The Company had no amounts established as an allowance for uncollectible accounts at December 31, 2014 and 2013.

OE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant & Equipment

Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally five to seven years).

Intangible Assets

Intangible assets consist principally of the excess of costs over the fair value of net assets acquired (or goodwill), intellectual property and franchise development costs. The Company has established an intangible asset for the cost of development of the Company's franchise system.

The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as franchise documents) are amortized over their estimated useful lives.

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Franchise development costs are amortized over a period of 5 years using the straight-line method or until redevelopment of the franchise system occurs. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Revenue Recognition

Franchise sales – When an Office Evolution® franchise is sold, the Company will provide certain services to the franchisee. These services are considered to be substantially performed, and revenue is recognized, after training has been completed and the franchisee commences business. Franchise sales collected by the Company before all material services and conditions are substantially performed will be recorded as deferred franchise sales revenue.

Royalty fees - Continuing monthly royalty fees will be recognized as revenue upon receipt. These monthly royalty fees are based on the franchise agreement, and are generally 6% of gross monthly revenue of the franchisee.

Income Taxes

The Company has elected to be treated as a disregarded entity for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its members, and, accordingly, no provision for federal or state income taxes has been recorded on the accompanying balance sheet.

OE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

All costs related to marketing and advertising are expensed as incurred. The amount of advertising costs charged to expense for the years ended December 31, 2014, 2013 and for the period from May 15, 2012 (inception) to December 31, 2012 was \$401,906, \$341,182 and \$116,874, respectively.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements

The Company has adopted all recently issued Accounting Standards Updates (ASU). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – DUE TO/FROM RELATED PARTIES

At December 31, 2014 and 2013 the Company had advanced to its parent \$308,790 and \$343,358, respectively. At December 31, 2014 and 2013 the Company was owed from related parties other than the parent \$10,852 and \$0, respectively. Also, at December 31, 2014 and 2013 the Company owed to affiliate companies \$175,697 and \$0, respectively. These amounts are due on demand, bear no interest, and have no repayment terms.

NOTE 3 – PROPERTY, PLANT, AND EQUIPMENT

Equipment consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Computer equipment	\$ 4,721	\$ -
Less accumulated depreciation	(734)	-
	<u>\$ 3,987</u>	<u>\$ -</u>

Depreciation expense for the years ended December, 31 2014 and 2013 were \$734 and \$0, respectively.

OE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – ACCOUNTING ESTIMATE

From inception up until the fiscal year-end date of this report the Company has expended resources developing its franchise system. During that time the Company has continued to review the timeframe during which the existing franchise system will have materially changed or been materially modified. At this time the Company believes that timeframe to be three years from inception. For the year-ended December 31, 2013 the Company has elected to amortize 18 months or one-half of the full amortization time-period for the Company's existing franchise system.

Neither amortization expense nor accumulated amortization in the prior period is restated. No account balances are adjusted. Rather, the amortization expense and accumulated amortization recorded at December 31, 2013 of \$53,410 were calculated for 18 months of the 36 month period for which the Company now believes is the timeframe of material change or modification of its currently existing, capitalized franchise system.

NOTE 5 – INTANGIBLE ASSETS

Franchise organizational costs consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Franchise Organizational Assets	\$ 106,818	\$ 106,818
Less accumulated amortization	<u>(89,017)</u>	<u>(53,410)</u>
	<u>\$ 17,801</u>	<u>\$ 53,408</u>

Amortization expense for the years ended December 31, 2014 and 2013 were \$35,607 and \$53,410, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

Consulting Agreement

The Company had entered into a consulting agreement with a third party to provide certain sales services to the Company. The term of the agreement was for five years beginning August 1, 2013. During the term of the agreement the Company paid a monthly fee of \$5,835 per month and fees ranging from \$11,500 to \$13,000 for each franchise sold by the consultant. In addition the Company agreed to support the sales effort of the consultant by investing \$100,000 in targeted advertising of the Company's franchise concept during the first year of the agreement. This agreement was terminated as of March 31, 2014 and the Company paid a \$75,000 early termination fee which is included as an advertising expense in the accompanying financial statements, no further obligation exists.

OE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 25, 2015 the date on which the financial statements were available to be issued.

EXHIBIT C

FRANCHISE AGREEMENT

EXHIBIT D

AREA DEVELOPMENT AGREEMENT

EXHIBIT E

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2015:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Baroway*	Fredrickson*	Cully Seattle Denver Office Partners California Evolution LLC	50 S. Steele St. 100 Shoreline Hwy Bldg B - Suite 250 100	Denver Mill Valley	CO CA	80209 941	(720) 300-5987 (415) 877-4326	Scott.baroway@officeevolution.com Cully.fredricksen@officeevolution.com
Warekoi*	Tom	Next Gen Business Centers LLC	30721 Russell Ranch Rd	Westlake Village	CA	91362	(818) 284-5751	Tom.warekoi@officeevolution.com
Coburn	Ryan	Tyche Colorado LLC	6015 S. Main St. Suite 200	Aurora	CO	80016	(303) 376-6323	Ryan.coburn@officeevolution.com
Baroway*	Scott	Denver Office Partners LLC	50 S. Steele St. Suite 250	Denver	CO	80209	(720) 300-5987	Scott.baroway@officeevolution.com
Edgar	Matt	Edgar Hart LLC	*Since Transfer red	Denver	CO	-	(720) 435-2191	matt.edgar@communityfirstcommercial.com
Synwolt	Dan	Franklin Bauer Inc	8745 W Higgins Rd Suite 110	Chicago	IL	60631	(847) 380-1078	Dan.synwolt@officeevolution.com
Fireman	Steve	FireGuy Ventures LTD	41 South High Street Suite 240	Columbus	OH	43215	(614) 402-2265	Steve.fireman@officeevolution.com
MedranoBodley*	Marty Bodley	Gallant Ventures OE Greater Boston LLC	6500 Emerald Plwy Suite 1002 Burlington Woods	Dublin Burli ngton	OH MA	43016 08103	(614) 721-0075 (978) 828-8329	Roland.medrano@officeevolution.com Martin.bodley@officeevolution.com
SmithVos	Eric Vos	WFBC LLC	175 South Main Suite 500 TB D	Salt Lake City	UT MN	84111	(801) 590-4501 (612) 875-2519	Mark.smith@officeevolution.com eric.vos@OfficeEvolution.com
Fredrickson	Cully	California Evolution LLC	100 Shoreline Hwy	Mill Valley	CA	94941	(415) 877-4326	Cully.fredrickson@officeevolution.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
			Bldg B —Suite 100					
Bhavsar	Suhash	OE NJ Business Centers LLC	50 Division St. Suite 501	Somerville	NJ	08876	(908) 751-4986	Suhash.bhavsar@officeevolution.com
Warekois <u>Wilk</u>	Tom <u>Sam</u>	Next-Gen Business Centers <u>Star 1224 LLC</u>	TBD 20 <u>724</u> Russell Ranch Rd	Westlake Village	CAN <u>IL</u>	91362	(818) 284-5751 <u>(917) 749-0599</u>	Tom.warekois@officeevolution.com <u>Sam.wilk@officeevolution.com</u>
<u>Dresdner*</u>	<u>Mark</u>	<u>Stratapult Advisors LLC</u>	<u>TBD</u>	<u>=</u>	<u>NJ</u>	<u>=</u>	<u>(201) 710-7575</u>	<u>Mark.dresdner@officeevolution.com</u>
<u>Palmer*</u>	<u>Brian</u>	<u>Zoe Enterprises LLC</u>	<u>TBD</u>	<u>=</u>	<u>NJ</u>	<u>=</u>	<u>(201) 708-3235</u>	<u>Brian.palmer@officeevolution.com</u>
<u>Fireman</u>	<u>Steve</u>	<u>FireGuy Ventures LTD</u>	<u>41 South High Street Suite 240</u>	<u>Columbus</u>	<u>OH</u>	<u>43215</u>	<u>(614) 402-2265</u>	<u>Steve.fireman@officeevolution.com</u>
<u>Medrano*</u>	<u>Roland</u>	<u>Gallant Ventures LLC</u>	<u>6500 Emerald Pkwy Suite 100</u>	<u>Dublin</u>	<u>OH</u>	<u>43016</u>	<u>(614) 721-0075</u>	<u>Roland.medrano@officeevolution.com</u>
Balderson	Jim	FENS Business Centers LLC	3115 East Lion Ln Unit 160	Holladay	UT	84121	(801) 438-3075	Jim.balderson@officeevolution.com
Bodley	Marty	OE Greater Boston LLC	2 Burlington Woods	Burlington	MA	08103	(978) 828-8329	Martin.bodley@officeevolution.com
Edgar	Matt	EdgarHart LLC	*Since Transferred	Denver	CO	-	(720) 435-2191	matt.edgar@communityfirstcommercial.com
Vos	Eric		TBD		MN		(612) 875-2519	eric.vos@OfficeEvolution.com
Wilk	Sam	Star 1224 LLC	TBD	-	NJ	-	(917) 749-0599	Sam.wilk@officeevolution.com
Dresdner <u>Smith</u> <u>*</u> <u>=</u>	Mark	Stratapult Advisors <u>WF BC LLC</u>	TBD <u>17 S South Main Suite 500</u>	Salt Lake City	NJU <u>UT</u>	<u>84111</u>	(646) 234-6263 <u>(801) 590-4501</u>	<u>Mark.smith@officeevolution.com</u> Mark.dresdner@officeevolution.com

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Palmer	Brian	Zee Enterprises LLC	TBD	-	NJ	-	(201) 708-3235	Brian.palmer@officeevolution.com

Current Area Developers as of December 31, 2015:

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Warekois	Tom	Next Gen Business-Centers LLC	30721 Russell Ranch Rd	Westlake Village	CA	91362	(818) 284-5751	Tom.warekois@officeevolution.com
Fredricksen	Cully	California Evolution LLC	100 Shoreline Hwy Bldg B—Suite 100	Mill Valley	CA	94941	(415) 877-4326	Cully.fredricksen@officeevolution.com
Bodley	Marty	OE Greater Boston LLC	2 Burlington Woods	Burlington	MA	08103	(978) 828-8329	Martin.bodley@officeevolution.com
Medrano	Roland	Gallant Ventures LLC	6500 Emerald Pkwy Suite 100	Dublin	OH	43016	(614) 721-0075	Roland.medrano@officeevolution.com
Smith	Mark	WFBC LLC	175 South Main Suite 500	Salt Lake City	UT	84111	(801) 590-4501	Mark.smith@officeevolution.com
Baroway	Scott	Denver Office Partners LLC	50 S. Steele St. Suite 250	Denver	CO	80209	(720) 300-5987	Scott.baroway@officeevolution.com
Palmer	Brian	Zoe Enterprises LLC	TBD	-	NJ	-	(201) 708-3235	Brian.palmer@officeevolution.com
Dresdner	Mark	Stratapult Advisors LLC	TBD	-	NJ	-	(646) 234-6263	Mark.dresdner@officeevolution.com

*Area Developer Franchises

Franchisees with Unopened Outlets as of the Issuance Date:

Last Name	First Name	Entity Name	Address	City	State	Phone	E-mail
Timmons*	Kyle	**Purchased in 2016	TBD	TBD	AZ	(303) 810-2262	Kyle.Timmons@OfficeEvolution.com
Girma	Bitania	**Purchased in 2016	TBD	TBD	CA	(323) 708-3702	Bitania.girma@officeevolution.com
Fatzinger	Leigh	** Purchased in 2016	TBD	TBD	CO	(720) 415.2218	Leigh.Fatzinger@OfficeEvolution.com
Ollom	Michael	** Purchased in 2016	TBD	TBD	CO	(720) 239-2494	Michael.Ollom@OfficeEvolution.com
Vos	Eric	Northstar Services Group LLC	TBD	TBD	MN	(612) 875-2519	eric.vos@OfficeEvolution.com
Wilk	Sam	Star 1224 LLC	TBD	TBD	NJ	(917) 749-0599	Sam.wilk@officeevolution.com
Dresdner	Mark	Stratapult Advisors LLC	TBD	TBD	NJ	(646) 234-6263	Mark.dresdner@officeevolution.com
Palmer	Brian	Zoe Enterprises LLC	TBD	TBD	NJ	(201) 708-3235	Brian.palmer@officeevolution.com
Girma	Bitania	**Purchased in 2016	TBD	TBD	CA	(323) 708-3702	Bitania.girma@officeevolution.com
Fatzinger	Leigh	** Purchased in 2016	TBD	TBD	CO	(720) 415.2218	Leigh.Fatzinger@OfficeEvolution.com
Ollom	Michael	** Purchased in 2016	TBD	TBD	CO	(720) 239-2494	Michael.Ollom@OfficeEvolution.com
Timmons*	Kyle	**Purchased in 2016	TBD	TBD	AZ	(303) 810-2262	Kyle.Timmons@OfficeEvolution.com
Fry	Andrew	**Purchased in 2016	TBD	TBD	SC	(978) 798-0318	Andrew.Fry@OfficeEvolution.com
Yu	John	**Purchased in 2016	TBD	TBD	VA	(571) 242-5551	John.Yu@OfficeEvolutioin.com

*Purchased three Office Evolution Businesses

Former Franchisees:

The name and last known address of every franchisee who had an Office Evolution Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2015 to December 31, 2015, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	<u>Entity Name</u>	<u>Address</u>	<u>City</u>	State	<u>Phone</u>	E-mail
Leon s	Julia e	MN			<u>GA</u>		Eric.vos@OfficeEvolution Julia.h.leon@gmail.com
Vos #	Eric #	GA <u>Northstar Services Group LLC</u>	julia.h.leon@gmail.com <u>TB</u> <u>D</u>	<u>TB</u> <u>D</u>	<u>MN</u>	<u>(612)</u> <u>875-</u> <u>2519</u>	<u>eric.vos@OfficeEvolution.com</u>

EXHIBIT F

BLANK PRO FORMA SPREADSHEET

The following blank template is provided as an Exhibit to the Disclosure Document. We will not provide this template to you outside of this Exhibit. We will not review or comment on any projection you make using this template. If you receive a template that is not blank you should report it to the franchisor's management by contacting Mark Hemmeter, CEO, 357 McCaslin Blvd, Suite 200, Louisville, CO 80027, (877) 449-0498.

Blank Profit and Loss Template

Revenue	
Office Memberships	
Virtual Office Memberships	
Guests	
Promotions & Discounts	
Total Revenue	<u>0</u>
Operating Expenses	
Payroll & Benefits	
Rent & Facilities	
Sales & Marketing	
Network & Systems	
Location Operations	
General & Admin	
Total Operating Expenses	<u>0</u>
Franchise Related Expenses	
Royalty	
Brand Development Fund	
Technology Licensing	
Call Center	
Set Up	
Total Franchise Related Expenses	<u>0</u>
NET OPERATING INCOME	<u><u>0</u></u>

Notes:

- 1) This template may be used by you help better understand the potential revenues and expenses for an Office Evolution location in your area.
- 2) Below please find instructions on suggested methods for calculating the various revenue and expense line items.
 - a. Office Memberships – The number of offices in your location X stabilized occupancy rate X the expected revenue per office
 - b. Virtual Memberships – Your forecasted number of Virtual Members X the average revenue per Virtual Member
 - c. Guests – An estimate of Guest revenue
 - d. Promotions & Discounts – Your forecasted amount you will spend on promotions and discounts
 - e. Total Revenue – The sum of the four categories above
 - f. Payroll & Benefits – Your estimated payroll costs including benefits, bonuses, and payroll taxes
 - g. Rent & Facilities – The size of your proposed location X the full-service rate per square foot, including utilities and janitorial

- h. Sales & Marketing – Your forecasted marketing spend, subject to the minimum requirements in this disclosure document
- i. Network & Systems – Your forecasted cost for items such as internet access, repairs, maintenance, and licensing of your technology equipment
- j. Location Operations – Your forecasted costs for office supplies, kitchen supplies customer programs and networking
- k. General & Admin – your forecast calls for items such as insurance, credit card and bank fees, bad debts, education, travel, etc.
- l. Total Operating Expenses – The sum of the six categories above
- m. Royalty – $7.5\% \times \text{Total Revenue}$
- n. Brand Development Fund – $3\% \times \text{Total Revenue}$
- o. Technology Licensing – Currently \$699 per month for your 1st location and \$499 per month for every location thereafter
- p. Call Center – Estimate the amount of time that we answer your client calls $\times$ the current reimbursement rate of \$.85 per minute
- q. Set Up – Your estimated number of new members $\times$ the current cost of \$50

EXHIBIT G

FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

Section	Number of Pages
Volume A	47
Volume B	69
Volume C	52
Volume D	61
Volume E	27

Total Number of Pages: 256 Pages



OFFICE EVOLUTION

FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

Volume A:	Franchise Startup Guide (47 pages)
Volume B:	Human Resources (69 pages)
Volume C:	Business Center Operations (52 pages)
Volume D:	Guide to Sales Operations (61 pages)
Volume E:	Billing, Accounting & Financial Reporting (27 pages)

EXHIBIT H

CONTRACTS FOR USE WITH THE OFFICE EVOLUTION FRANCHISE

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Office Evolution Business. The following are the forms of contracts that OE Franchise, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT H-1

LEASE ADDENDUM

This Addendum to Lease (“**Addendum**”), dated _____, 20____, is entered into by and between _____ (“**Lessor**”), and _____ (“**Lessee**”).

A. The parties hereto have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ (“**Lease**”).

B. Lessor acknowledges that Lessee intends to operate an Office Evolution franchise from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with OE Franchise, LLC (“**Franchisor**”) under the name Office Evolution or other name designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Assignment. Lessee shall have the right, without further consent from Lessor, to sublease or assign all of Lessee’s right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof, in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1 or otherwise. No assignment shall be effective until a Franchise Assignee gives Lessor written notice of its acceptance of the assignment and assumption of the Lease. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to sublet or reassign the Lease to another Franchise Assignee without Lessor’s consent in accordance with Section 3(a) in which event Franchisor shall be released of any obligation or liability under the Lease. As used in this Addendum, “**Franchise Assignee**” means: (i) Franchisor or Franchisor’s parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor’s parent, subsidiary, or affiliate.

2. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall contemporaneously give both Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. Franchisor shall have the right, but not the obligation, to cure the default during Lessee’s cure period plus an additional ten (10) day period. Franchisor will notify Lessor whether it intends to cure the default prior to the end of Lessee’s cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

OE Franchise, LLC
357 McCaslin Boulevard, Suite 200
Louisville, CO 80027

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee and Lessor agree not to terminate, alter, or amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, alteration, or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

3. Termination or Expiration.

a. Upon Lessee's default and failure to timely cure under either the Lease or the Franchise Agreement, a Franchise Assignee designated by Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest under the Collateral Assignment of Lease or otherwise, provided such Franchise Assignee cures a default of the Lease no later than ten (10) days following the end of Lessee's cure period.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises, and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Office Evolution marks and system, and to distinguish the Premises from a Franchised Business.

c. If any Franchise Assignee purchases any assets of Lessee, Lessor shall permit such Franchise Assignee to remove all the assets being purchased, and Lessor waives any lien rights that Lessor may have on such assets.

4. Consideration; No Liability.

a. Lessor acknowledges that the Franchise Agreement requires Lessee to receive Franchisor's approval of the Lease prior to Lessee executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Lessor acknowledges Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor, and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Lessor has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

5. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the parties hereto.

6. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

7. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month, and year first written above.

LESSOR:

LESSEE:

By: _____

By: _____

Title: _____

Title: _____

OE FRANCHISE, LLC:

By: _____

Title: _____

EXHIBIT H-1 Attachment 1

ATTACHMENT 1 TO LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ____ day of _____, 20__ (“**Effective Date**”), the undersigned, _____ (“**Assignor**”) hereby assigns, transfers and sets over unto OE Franchise, LLC (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** (“**Lease**”) with respect to the premises located at _____. This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for an Office Evolution franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

(Signatures on following page)

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

By: _____

Its: _____

ASSIGNEE:

OE FRANCHISE, LLC

By: _____

Its: _____

EXHIBIT H-2

OFFICE EVOLUTION FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of OE Franchise, LLC, a Colorado limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Office Evolution franchisees to use, sell, or display in connection with the marketing and/or operation of an Office Evolution Business, whether now in existence or created in the future.

“*Franchisee*” means the Office Evolution franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Office Evolution Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Office Evolution Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Office Evolution Business, including “OFFICE EVOLUTION” and any other trademarks, service marks, or trade names that we designate for use by an Office Evolution Business. The term “Marks” also includes any distinctive trade dress used to identify an Office Evolution Business, whether now in existence or hereafter created.

“*Office Evolution Business*” means a business that provides shared office services, including live answering service and telephone call management, executive suites, offices for lease, temporary office rentals, conference and training room rentals, co-working/drop in work space, business center locations, and other related products and services using our Intellectual Property.

“*System*” means our system for the establishment, development, operation, and management of an Office Evolution Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Office Evolution Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of OE Franchise, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Office Evolution franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. Although this Agreement is entered into in favor of OE Franchise, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Colorado, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

EXHIBIT H-3

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

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

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
☐ Checking ☐ Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

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

Signature: _____ Date: _____
Name: _____
Its: _____

Federal Tax ID Number: _____

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

EXHIBIT H-4

OFFICE EVOLUTION FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between OE Franchise, LLC (“**Franchisor**”), _____ (“**Former Franchisee**”) and _____ (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate an Office Evolution franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing of a franchise agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee’s rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the

termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable) and any other required contracts for the operation of an Office Evolution franchise as stated in Franchisor's Franchise Disclosure Document.

6. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

OE FRANCHISE, LLC

By: _____

Title: _____

FORMER FRANCHISEE:

By: _____

Title: _____

NEW FRANCHISEE:

By: _____

Title: _____

Rev. 030216

EXHIBIT H-5

OFFICE EVOLUTION FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the “Release”) is made as of _____, 20____ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of OE Franchise, LLC, a Colorado limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the “Agreement”) pursuant to which Franchisee was granted the right to own and operate an Office Evolution business;

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

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

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

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

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

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

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

5. Miscellaneous.

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

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

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

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Name: _____

Its: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

EXHIBIT I

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, OE Franchise, LLC (“~~we~~” or “~~us~~”), and you are preparing to enter into a Franchise Agreement, and if applicable, an Area Development Agreement, for the operation of an Office Evolution franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement, and if applicable, the Area Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement, and if applicable, the Area Development Agreement, and each attachment or exhibit attached to it that we provided?
2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3. Yes___ No___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes___ No___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement?
5. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement, and if applicable, the Area Development Agreement, with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes___ No___ Have you had the opportunity to discuss the benefits and risks of developing and operating an Office Evolution Franchise with an existing Office Evolution franchisee?
7. Yes___ No___ Do you understand the risks of developing and operating an Office Evolution Franchise?
8. Yes___ No___ Do you understand the success or failure of your Office Evolution Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9. Yes___ No___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement, and if applicable, the Area Development Agreement, must be arbitrated in Colorado, if not resolved informally or by mediation?

10. Yes___ No___ Do you understand that you must satisfactorily complete the initial training program before we will allow your Office Evolution Franchise to open or consent to a transfer of the Office Evolution Franchise to you?
11. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Office Evolution Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, and if applicable, the Area Development Agreement, and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an Office Evolution Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes___ No___ Do you understand that the Franchise Agreement, including each attachment or exhibit to the Franchise Agreement, and if applicable, the Area Development Agreement, contains the entire agreement between us and you concerning the Office Evolution Franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, and if applicable, the Area Development Agreement, or the attachments or exhibits to the Franchise Agreement, and if applicable, the Area Development Agreement, will not be binding?
15. Yes___ No___ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date _____

Date _____

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

Question Number	Explanation of Negative Response

EXHIBIT J
STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR OE FRANCHISE, LLC

The following modifications are made to the OE Franchise, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to Franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “**Supplemental Agreements**” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

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

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor’s Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the

Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

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

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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

Franchisee, for itself and themselves, and on behalf of its constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

| ~~Franchise Fee~~ ~~Deferral~~ Escrow

Item 5 and Item 7 of the Franchise Disclosure Document, Section 11 of the Franchise Agreement and Section 3 of the Area Development Agreement are hereby amended to state that the Initial Franchise Fee and LADPM Fee will be ~~deferred~~ placed into an escrow account until the Franchisor completes all of its initial obligations to Franchisee and the franchise is open for business. The Development Fee will be ~~deferred~~ placed into an escrow account until the first franchise is open and operating.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

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

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates" and have a registration date.
2. States in which this proposed registration is or will shortly be on file are listed on the third page of the FDD on the page entitled, "State Effective Dates" and do not have a registration date listed.
3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Franchise Fee Deferral

The Illinois Attorney General’s Office has imposed the deferral requirement because of our financial condition. Item 5 and Item 7 of the FDD, Section 11 of the Franchise Agreement, and Section 3 of the Area Development Agreement are hereby revised to state that payment of all initial fees, including the Franchise Fee and LADPM Fee, shall be deferred until after all of Franchisor’s initial obligations are

complete and the Franchise is open for business. The Development Fee will be deferred until the first franchise is open and operational.

INDIANA

Item 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Protected Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027, or send a fax to OE Franchise, LLC at (303) 625-4031 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE ~~AGREEMENTS AND SUPPLEMENTAL AGREEMENTS~~ AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

~~Representations in the Franchise Agreement and Supplemental Agreements 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.~~

Item 17 of the FDD and sections of the Franchise Agreement and ~~Supplemental~~ Area Development Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and franchisee questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Area Development Agreement is amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Franchise Fee

Item 5 and 7 of the Franchise Disclosure Document, Section 11 of the Franchise Agreement and Section 3 of the Area Development Agreement are hereby amended to state that based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

The following is added to the Risk Factors on the cover page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE

**TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE CONTAINED
IN THIS PROSPECTUS.**

Item 3 of the FDD is modified to read as follows:

Other than as described in Item 3 of the FDD, neither franchisor, its predecessor, a person identified in Item 2, or an affiliate offering Franchises under Franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations, pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten (10) year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: a violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the Franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4 of the FDD is modified to read as follows:

Other than as described in Item 4 of the FDD, neither the franchisor, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the FDD: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of Item 5 of the FDD:

We may use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you; for commission payments to brokers involved in the sale of a Franchise to you; for general working capital purposes; and for other expenses.

The first paragraph of Item 17 of the FDD is revised to read as follows:

You may terminate the Franchise Agreement on any grounds available by law.

Item 17.d. of the FDD is revised to read as follows:

You may terminate the Franchise Agreement on any grounds available by law.

Item 17.j. of the FDD is revised to read as follows:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

Item 17.w. of the FDD is revised to read as follows:

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

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027, or send a fax to OE Franchise, LLC at (303) 625-4031 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Fee Deferral

~~Intentionally left blank.~~ Item 5 and 7 of the Franchise Disclosure Document, Section 11 of the Franchise Agreement and Section 3 of the Area Development Agreement are hereby amended to state that the Initial Franchise Fee or Development Fee will be deferred until the Franchisor has completed all of its pre-opening obligations and the franchise is open for business. Payment of the Development Fee will be deferred and due to the Franchisor when the first franchise is open and operational. The following language will be added to the franchise agreement or area development agreement:

OE FRANCHISE, LLC

ACKNOWLEDGEMENT OF DEFERRAL OF INITIAL FRANCHISE FEE/DEVELOPMENT FEE

(“Franchisee”) entered into a Franchise Agreement with OE Franchise, LLC (“Franchisor”) on _____, 20____ for the operation of an Office Evolution franchise in South Dakota. As a condition for Franchisor’s registration to offer franchises for sale in South Dakota, the South Dakota Department of Labor and Regulation, based on Franchisor’s financial condition, required Franchisor to defer the initial franchise fee or development fee for the purchase of such franchise until Franchisor has fulfilled all of its initial obligations under the Franchise Agreement and Franchisee has commenced doing business. This is an acknowledgement that such initial franchise fee or development fee has been deferred by Franchisor until such time.

FRANCHISOR:

OE FRANCHISE, LLC

a Colorado limited liability company

Date: _____ By: _____

FRANCHISEE:

Date: _____ By: _____

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for OE Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Fee Deferral

The Virginia State Corporations Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchisee fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. Item 5 and 7 of the Franchise Disclosure Document, Section 11 of the Franchise Agreement and Section 3 of the Area Development Agreement are hereby amended to state that the Initial Franchise Fee and LADPM Fee will be deferred until the Franchisor completes all of its training and other initial obligations to Franchisee and the Franchisee is open for business. Payment of the Development Fee will be deferred and due to the Franchisor when the first franchise is open and operational.

~~Section 3 of the Area Development Agreement is hereby amended to state that the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has complete its pre-opening obligations for each franchise opened under the area development agreement. Payment of the Development Fee will be due to the franchisor, upon the Franchisor’s completion of its pre-opening obligations for each franchise opened under the Area Development Agreement.~~

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Franchise Fee and Development Fee Deferral

Item 5 and Item 7 of the Franchise Disclosure Document, Section 11 of the Franchise Agreement, and Section 3 of the Area Development Agreement are hereby amended to state that the Initial Franchise Fee and LADPM Fee will be deferred until the Franchisor completes all of its training and other initial obligations to Franchisee and the Franchisee is open for business ~~– (listed in Item 11 of this Disclosure Document).~~ The Development Fee will be deferred ~~until all the franchises, and paid on a pro-rata basis for each franchise opened~~ under the Area Development Agreement, ~~are open and operational.~~

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

Dated: _____, 20____

FRANCHISOR:

OE FRANCHISE, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 031516

EXHIBIT K

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If OE Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa or Rhode Island law, if applicable, OE Franchise, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires OE Franchise, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If OE Franchise, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Mark Hemmeter, OE Franchise, LLC, 357 McCaslin Blvd, Ste 200, Louisville, CO 80027

Issuance Date: April 12, 2016, [as amended November 8, 2016](#)

I received a disclosure document issued April 12, 2016, [as amended November 8, 2016](#), which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit E	List of Current and Former Franchisees/Area Developers
Exhibit F	Blank Pro Forma Spreadsheet
Exhibit G	Franchise Operations Manual Table of Contents
Exhibit H	Contracts for use with the Office Evolution Franchise
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	State Addenda and Agreement Riders
Exhibit K	Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If OE Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa or Rhode Island law, if applicable, OE Franchise, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires OE Franchise, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If OE Franchise, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

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Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	State Addenda and Agreement Riders
Exhibit K	Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to OE Franchise, LLC, 357 McCaslin Boulevard, Suite 200, Louisville, CO 80027.