FRANCHISE DISCLOSURE DOCUMENT

ONE RIVER SCHOOL FRANCHISING, LLC
a New Jersey Limited Liability Company
49 North Dean Street
Englewood, New Jersey 07631
(201) 266-5244
OneRiverSchool.com
Franchising@OneRiverSchool.com

ONE RIVER

The franchise offered is for the establishment and operation of an innovative art and design school featuring a proprietary creative education program for students of all ages, referred to as "One River School."

The total investment necessary to begin operation of one One River School franchised business ranges from $266,000 to $492,000. This includes $45,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a One River Schools development business for two to three One River Schools franchises ranges from $276,000 to $522,000. This includes $55,000 to $65,000 that must be paid to the franchisor or its affiliates prior to opening.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Matthew Ross, 49 North Dean Street, Englewood, New Jersey 07631, (201) 266-5244.

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

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

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

Date of Issuance: March 31, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New Jersey. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New Jersey than in your own state.

2. **Financial Condition**. The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Mandatory Minimum Payments**. You must make minimum advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "state specific addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

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

To simplify the language in this Disclosure Document, the words "we," "our," "us" and "One River School" refer to One River School Franchising, LLC, the franchisor of this business. "You" and "your" refer to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted.

The Franchisor

We were organized as a New Jersey Limited Liability Company on December 11, 2014. Our principal business address is 49 North Dean Street, Englewood, New Jersey 07631. We do business under our corporate name and the names "One River," "One River School," "One River School of Art and Design," and "One River Gallery." We have an Internet website at the uniform resource locator www.OneRiverSchool.com (with all other all associated web addresses, URLs, websites and web pages, social internet domain names, social media accounts, media sites and pages, and all related content and data, the "Website") that provides information about the System (defined below) and about One River Schools.

We sell franchises for a unique arts-based business concept that we describe as a "new direction in art education" (a "One River School" or "School"). Our project-based learning approach creates an experience that makes learning art fun while also achieving great outcomes. Our proprietary "Art Shuffle" curriculum teaches Contemporary Art across all media and largely focuses on the practice of the world's most compelling artists of the last 50 years. Our courses use a variety of distinct programs including the following examples. "Art Focus" is a program type that works on a consistent basis by teaching just one medium, for instance, Focus on Drawing or Focus on Cartooning. Our Digital Shuffle Program teaches artmaking within a digital environment and just like Art Shuffle, it sequences through a roadmap of one-month long projects that explore a variety of software and hardware tools to create digitally developed visual art. One River Schools do business under the trade name, One River®, and also use our other related service marks, trademarks or logos (our "Marks"). The franchise operates using our standards, methods, procedures, and specifications, called the "System".

Our affiliate, Art Rocks, LLC ("Art Rocks"), started operating One River School in 2012. We have been offering One River School franchises since January 2016. We have never operated a One River School or operated a business similar to a One River School although our affiliates described below operate One River Schools. We are not engaged in any other businesses and have never offered franchises in any other lines of business.

Our Parents, Predecessors and Affiliates

One River School, LLC, our parent company ("Parent"), was organized in Delaware on August 6, 2015. Our Parent's principal business address is 40 Eisenhower Drive, Cresskill, New Jersey 07626. Our Parent does not currently offer and has not previously offered franchises in this or any other line of business. The Parent owns the trademarks and other proprietary information licensed to you.

We have eleven affiliates to disclose in this Item 1. Art Rocks was organized in New Jersey on January 31, 2011. Art Rocks' principal business address is 40 Eisenhower Drive, Cresskill, New Jersey 07626. One River Larchmont LLC ("OR Larchmont") was organized in New York on August 14, 2017. OR Larchmont's principal business address is 2018 Boston Post Road, Larchmont, New York 10538. One River Hartsdale LLC ("OR Hartsdale") was organized in New York on August 23, 2017. OR Hartsdale's principal business address is 112 South Central Avenue, Hartsdale, New York 10530. One River Millburn LLC ("OR Millburn") was organized in New Jersey on August 16, 2017. OR Millburn's principal business address is 292 Millburn Avenue, Millburn, New Jersey 07041. One River Woodbury LLC ("OR Woodbury") was organized in New

York on June 5, 2018. OR Woodbury's principal business address is 150 Woodbury Road, Woodbury, New York 11797. One River Westport LLC ("OR Westport") was organized in Connecticut on September 12, 2018. OR Westport's principal business address is 388 Post Road East, Westport, Connecticut 06880. One River Manhasset LLC ("OR Manhasset") was organized in New York on September 4, 2019. OR Manhasset's principal business address is 1504 Northern Boulevard, Manhasset, New York 11030. One River Clark LLC ("OR Clark") was organized in New Jersey on January 15, 2020. OR Clark's principal business address is 1173 Raritan Road, Clark, New Jersey 07066. One River Montclair LLC ("OR Montclair") was organized in New Jersey on October 19, 2020. OR Montclair's principal business address is 6 Seymour Street, Montclair, New Jersey 07042. One River Middletown LLC ("OR Middletown") was organized in New Jersey on January 5, 2022. OR Middletown's principal business address is 1275 NJ-35 N. Middletown, New Jersey 07748. One River Port Jefferson LLC ("OR Port Jefferson") was organized in New York on December 19, 2024. OR Port Jefferson's principal business address is 40 Eisenhower Drive, Cresskill, New Jersey 07626.

Art Rocks owns and operates two One River Schools in Englewood, New Jersey and Allendale, New Jersey, and each of OR Larchmont, OR Hartsdale, OR Millburn, OR Woodbury, OR Westport, OR Clark, OR Montclair, OR Manhasset, OR Middletown and OR Port Jefferson own and operate a One River School in Larchmont, New York, Hartsdale, New York, Millburn, New Jersey, Woodbury, New York, Westport, Connecticut, Clark, New Jersey, Montclair, New Jersey, Manhasset, New York, Middletown, New Jersey, and Port Jefferson, New York, respectively, that are similar to the business offered in this Disclosure Document (the "Company-Owned Schools"). Art Rocks has been operating the first Company-Owned School since July 2012 and second Company-Owned School since February 2017. OR Larchmont has been operating the third Company-Owned School since January 29, 2018. OR Hartsdale has been operating the fourth Company-Owned School since March 2018. OR Millburn has been operating the fifth Company-Owned School since April 2018. OR Woodbury has been operating the sixth Company-Owned School since March 2019. OR Westport has been operating the seventh Company-Owned School since June 2019. OR Clark has been operating the eighth Company-Owned School since March 2021. OR Montclair has been operating the ninth Company-Owned School since January 2022. OR Middletown has been operating the tenth Company-Owned School since February 2022. OR Manhasset has been operating the eleventh Company-Owned School since October 2023. OR Port Jefferson has been operating the thirteenth Company-Owned School since December 2024.

None of our affiliates currently offer, nor has previously offered, franchises in this or any other line of business.

We do not have any other parents, predecessors during the ten (10) year period immediately before the close of our most recent fiscal year or other affiliates required to be disclosed in this item except as stated above.

Development Rights Rider

We also offer qualified applicants the right to enter into a development rights rider (the "Development Rights Rider"), the form of which is attached to this Disclosure Document as Exhibit J to develop multiple One River Schools within a specifically described geographic area (the "Territory") over an agreed upon time period (the "Development Rights"). The Territory will be determined according to the mandatory development schedule described in Schedule A to the Development Rights Rider.

If you sign a Development Rights Rider, you must open the number of One River Schools contemplated by the Development Rights Rider in the Territory according to a development schedule and must separately enter into our then-current form of franchise agreement for each One River School you establish. The Franchise Agreement for the first Franchise developed under the Development Rights Rider will be in the form of Exhibit C to this Disclosure Document. For each additional Franchise developed under the Development Rights Rider, you must sign the then-current form of franchise agreement, which may differ from the current form of franchise agreement included with this Franchise Disclosure Document.

General Description of the Market and Competition

One River Schools focus on kids and adults who have an interest in visual art education. We provide art classes for all ages and digital design classes for tweens, teens and adults. The market for art education programs is underdeveloped. You may have to compete with other art programs or schools that offer studio art education including franchised operations, community art centers, non-profits linked to museums or colleges, and independently owned companies offering similar services to students. You may also encounter competition from other One River Schools. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. The One River School will likely experience seasonal fluctuations due to a shift in revenue that exists during the school year and the summer.

Regulations Specific to the Industry

You must comply with all laws, rules, and regulations governing the operation of the School, and obtain permits and licenses necessary to operate the One River School. Other than laws that apply to businesses generally, we are not aware of any other laws or regulations that are specific to the industry in which One River School operates. You will be responsible for ensuring compliance with all requirements. You also will be required to comply with federal, state, and local laws applicable to businesses generally, such as employment laws and privacy laws. You must comply with the Payment Card Industry Data Security Standard ("PCI DSS") established by major credit card brands to ensure that merchants securely store, process, and transmit customer credit information. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

You should consider these laws and regulations when evaluating your purchase of a franchise. We strongly encourage you to investigate the local, state, and federal laws that may apply to your franchise business and that you investigate local requirements relating to your ability to offer after-school programs and to market and promote the School to local schools within your territory.

Some states and local governments may require your educators to be licensed in order to perform certain activities for your franchise business.

Agents for Service of Process

Our agents for service of process are listed on Exhibit B to this Disclosure Document.

ITEM 2. BUSINESS EXPERIENCE

Founder: Matthew Ross

Mr. Ross has been our Founder since our formation in December 2014. Prior to that, Mr. Ross served as our Chief Executive Officer from December 2014 to October 2024. In addition, Mr. Ross has been Founder and CEO of our affiliate, Art Rocks, based in Englewood, New Jersey, since January 2011.

Chief Executive Officer and Chief Operating Officer: Agnes Mauro

Ms. Mauro has been our Chief Operating Officer and Chief Executive Officer since April 2023 and October 2024, respectively. Prior to that, Ms. Mauro served as our Senior Vice President of Operations from January 2021 to April 2023 and our VP & Director of Operations from January 2015 to January 2021 based in Englewood, New Jersey.

Vice President Franchise Development: Michelle Miserez

Ms. Miserez has been our Vice President Franchise Development since January 2025, based in Englewood, New Jersey. Prior to that, Ms. Miserez was the Director of Sales Training at Home Helpers from August 2023 to February 2024 in Cincinnati, Ohio, the Regional Vice President at Starpoint Brands from June 2024 to October 2024 in West Palm Beach, Florida, the Director of Franchise Development at Junk King from January 2022 to June 2023 in Burlingame, California, and the Director of Franchise Development at FirstLight Senior Home Care Franchise from February 2019 to January 2022 in Cincinnati, Ohio.

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

Initial Franchise Fee

You pay us a $45,000 lump sum Initial Franchise Fee when you sign your first Franchise Agreement with us. The Initial Franchise Fee is uniform. The Initial Franchise Fee is deemed fully earned and non-refundable when you sign the Franchise Agreement.

We provide a 15% discount on the Initial Franchise Fee to honorably discharged U.S. veterans who otherwise satisfy our criteria. To qualify for the discount, the veteran(s) must own at least 50% of the Franchise or at least 50% of the business entity that owns the Franchise. A copy of form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount.

If you are renewing an existing franchise, in lieu of an Initial Franchise Fee, you must pay us a nonrefundable renewal fee ("Renewal Fee") in an amount equal to 33% of the amount that, at the time of renewal, we charge as an Initial Franchise Fee for a new franchise.

We reserve the right to cancel or modify any incentive program or discount at any time.

Initial Training

Prior to opening the One River School, your Operating Principal, Director of School (which may be the same person as the Operating Principal), Director of Education and Director of Member Services must attend and satisfactorily complete our initial training program ("Initial Training"). Initial Training for your Operating Principal, Director of School (which may be the same person as the Operating Principal), Director of Education and Director of Member Services is included in the Initial Franchise Fee (for a total of 3 attendees). The Initial Training will consist of 5 days in-person training in Englewood, New Jersey and approximately 10 hours of on-line training modules and on-site assistance. The Initial Training is offered on a bi-annual basis in Englewood, New Jersey or another location we designate. You are solely responsible for all costs and expenses, including wages, travel and lodging of yourself and your attendees. We may provide initial training to additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program at your request and subject to our availability. The current initial training fee for additional attendees is currently $2,000 per attendee. The initial training fee is deemed fully earned and non-refundable.

There are no other payments to or purchases from us or our affiliates that you must make before your School opens.

Development Fee.

Under the Development Rights Rider ("Rider"), you must pay a development fee equal to $45,000 for the Initial Franchise Fee and a deposit of $10,000 of the Initial Franchise Fee for each additional One River School, we grant you the right to open (collectively, the "Development Fee").

The Development Fee is paid as follows:

A. upon signing the Rider, you will pay (i) $45,000, which covers the entire portion of the Development Fee applicable to your first One River School , plus (ii) a $10,000 deposit for your second One River School and each subsequent One River School (collectively, the "Development Deposit"); and

B. $35,000 upon the execution of the additional franchise agreement (in its then-current form) for your second One River School and each subsequent One River School.

The Development Fee is uniform for all franchisees, and is not refundable under any circumstances even if you do not open the required One River Schools. You will not be required to pay any additional "initial franchise fee" for One River Schools opened pursuant to the Rider outside of the Development Fee outlined above.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	9% of Gross Sales[2]	Payable monthly on or before the 5th day of each month based on Gross Sales for the previous month.	You must pay your royalty fee directly to us by ACH electronic funds transfer (EFT) or other manner we designate.
Marketing Fund Contribution	2% of Gross Sales We may increase the Marketing Fund contribution in the future in an amount not to exceed 5% of Gross Sales.	Payable monthly on or before the 5th day of each month based on Gross Sales for the previous month.	You must pay your Marketing Fund contribution directly to us or the Marketing Fund, as we instruct, by ACH electronic funds transfer or other manner we designate.
Local Advertising[3]	- A minimum of $7,500 per quarter during 1st year of operation - A minimum of $7,500 per quarter during 2nd year of operation - A minimum of 5% of Gross Sales every month beginning in your 25th month of operations and not	As incurred	You pay directly to third parties subject to our approval. We may require your expenditures to be used in cooperative advertising. During your first year of operation, you must spend a minimum of $7,500 per quarter ($30,000 per year) on Local Advertising in addition to expenditures for grand opening advertising. During your second year of operation, you must also spend a minimum of $7,500 per quarter ($30,000 per year) on Local

Type of Fee	Amount	Due Date	Remarks
	less than $30,000 annually		Advertising, which will be not less than $30,000 annually. Beginning in your 25th month of operations, you must spend at least 5% of the previous month's Gross Sales on Local Advertising. Further information about all advertising programs is included in Item 11.
Local and Regional Advertising Cooperative	As established by cooperative members.	As incurred.	If a cooperative is established which encompasses your Exclusive Area, you will automatically and immediately become a member of the cooperative and you must agree to the cooperative advertising fee, which shall not exceed 5% of Gross Sales, and to abide by the cooperative's rules. Franchisor-owned outlets will have the same voting power as franchised outlets with respect to fees imposed by cooperatives. The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Advertising Requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally.
Audit Expenses[4]	All costs and expenses associated with audit, plus interest on any underpayments	Upon demand	Audit costs payable only if the audit shows you have not spent the minimum expenditures on local advertising or if you underreported amounts you owe us by 3% or more.
Interest on Overdue Amounts[5]	1.5% per month or the highest rate allowed by the state where you are located	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit.
Renewal Fee	33% of amount we charge at the time of renewal as the Initial Franchise Fee for a new franchise	Signing of renewal franchise agreement	You must give us at least 9 months' and not more than 12 months' notice to renew and meet other renewal conditions.
Computer Software and IT Fees	$350 to $700 per month As of the date of this Disclosure Document, we don't anticipating increasing these fees by more than 25% annually in addition to any direct price	Monthly	You will pay us for customized computer software we designate and other technology associated with your One River School (including financial reporting software, such as QuickBooks). The range will depend on the type of software and technology package required by us for that time period. We reserve the right to implement or increase this fee upon 30 days' notice to you if we develop or introduce new technology,

Type of Fee	Amount	Due Date	Remarks
	increases from third party vendors.		improve, upgrade, modify or change existing technology or if our costs or supplier pricing increases.
Supplier Approval[6]	All costs of evaluation	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from including testing of materials.
Insurance Policies	Amount of unpaid premiums plus our expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	33% of amount we charge at the time of renewal as the Initial Franchise Fee for a new franchise	At the time of transfer	Payable to us at the time of transfer. Does not apply to an assignment under Section 18.3 of the Franchise Agreement.
System Modifications	Actual Cost	As required	The franchise operates using our standards, methods, procedures, and specifications, called our "System". If we make changes to our System, you must adapt your business to conform to the changes. Some examples of changes include new equipment, fixtures, software, signage, inventory, supplies, or new Marks. You will pay these amounts directly to third parties or us, depending on the designated supplier for the new or modified System equipment, fixtures, inventory, software, supplies, or signage.
Relocation Assistance	Costs and expenses of providing relocation assistance	Time of assistance	If you need our assistance to relocate, you must reimburse our costs and expenses to assist you.
Customer Service, Vendor Payment, Operational Correction[7]	Reimbursement of amount paid plus an additional ten percent (10%) of the amount as an administrative charge.	Upon demand	You reimburse us if we determine it is necessary for us to provide service to your customers, pay a vendor you did not pay on time or implement a required change or improvement.

Type of Fee	Amount	Due Date	Remarks
Additional, Substitute or New Manager Training/ Ongoing Training	$2,000 per person. You are responsible for both you and your trainees' expenses including travel, lodging, meals and applicable wages. We may increase this fee during the Term, but it will not exceed $3,000 per person in addition to any increase due to our trainer's wage increases.	Time of training	Our Initial Training program for up to three attendees is covered by your Initial Franchise Fee. If you have to repeat initial training, we may charge you our then current rates, which will not exceed $3,000 per attendee. If you choose to send additional staff to the initial training program, we may charge you. We may require you to attend additional ongoing training programs and you must pay our then current tuition rates and your travel costs and expenses and your personnel wages to attend. Further information about initial training is included in Item 11.
Cost of Enforcement	All costs including attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail. (Section 22.4)
Temporary Management Assistance	$600 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your One River School. (Sections 16.5 and 18.6.2)
Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the One River School. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks. (Sections 6.4 and 21.3)
Insufficient Funds Fee	$50 per violation.	On demand.	If the bank account you designate for payment of the Royalty Fee, Marketing Fund Contribution and Computer Software and IT Fees does not contain sufficient funds to make any payments, you must pay us a fee of $50 per incident.

NOTES

[1] We may require that all fees payable to us be paid through an electronic depository transfer account, See Exhibit I to this Disclosure Document.

All fees noted above are uniform. No other fees or payments are to be paid to us or our affiliates, nor do we impose or collect any other fees or payments for any other third party. Unless you fail to pass the initial training, all fees are non-refundable. All fixed fees may be adjusted updated after the end of each calendar year (effective January 1st of each year) by either: (i) the change in the Consumer Price Index ("CPI") as published by the U.S. Government Bureau of Labor Statistics for the preceding year or other index we select; or (ii) the aggregate sum of cumulative CPI changes occurring since the last time we adjusted the amount of the fee, as long as the duration of the aggregation period we use does not exceed 5 consecutive calendar years of CPI changes. We will provide you with written notice before implementing this adjustment. If we elect not to increase the Marketing Fund Contribution fee, Computer Software and IT fees, any of our training fees, or any other fees which we reserve the right to increase in any given year, such election shall not be deemed a waiver of our right to do so in subsequent years. Our right to increase each of these fees is cumulative, and we may, in any following year, increase the applicable fee by an amount reflecting both (a) the permissible increase for that year and (b) any unexercised increases from prior years. Any cumulative increase shall remain subject to any applicable maximum annual or aggregate increase limitations expressly stated in this Agreement.

[2] "Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the One River School (whether on or off the premises of the One River School), whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the value of any allowance issued or granted to any student of the One River School that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the One River School, and (c) any rebate received by Franchisee from a manufacturer or supplier. All proceeds from the sale of coupons, gift certificates or vouchers will also be included in Gross Sales, but when these coupons, gift cards, gift certificates or vouchers are redeemed, the retail price may be credited against Gross Sales during the week in which the coupon, gift cards, gift certificate or voucher is redeemed. If sales proceeds are not recorded and reported for royalty purposes at the time a coupon, gift certificate, or voucher is sold, or if coupons, gift cards, gift certificates, or vouchers are distributed free of charge, no credit against Gross Sales is permitted upon redemption of the coupon, gift card, gift certificate, or voucher.

[3] Local advertising includes costs associated with purchasing advertisements on social media platforms, such as Facebook, but excludes the costs of establishing a social media presence (i.e. creating and developing a Facebook profile page or Twitter feed for your One River School.)

[4] Costs vary depending on many factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. All fees for audit costs and expenses are imposed by and payable to us.

[5] Interest begins from the date payment was due, but not received, or date of underpayment.

[6] Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.

[7] Costs vary depending on factors, including nature of the complaint, expertise needed and the time involved and/or nature of change or improvement at your School. You pay our actual costs together with an additional amount (10%) on account of our overhead.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Franchise Fee[1]	$45,000	$45,000	Wire or Cashier's Check	At Signing of Franchise Agreement and, if applicable, Development Rights Rider	Us
Real Estate/Rent[2]	$8,000	$12,000	As Arranged	Before Beginning Operations	Landlord
Utility Deposits[3]	$1,200	$2,000	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements[4]	$123,100	$309,000	As Arranged	Before Beginning Operations	Architect, Contractor, Suppliers
Initial Inventory and Merchandise[5]	$6,000	$11,000	As Arranged	Before Beginning Operations	Approved Suppliers
Insurance[6]	$1,200	$3,500	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment and Supplies[7]	$2,000	$3,000	As Arranged	Before Beginning Operations	Suppliers
Training[8]	$2,000	$3,000	As Arranged	During Training	Airlines, Hotels & Restaurants
Signage[9]	$8,000	$10,000	As Arranged	Before Beginning Operations	Approved Supplier
Furniture, Fixtures & Equipment[10]	$21,000	$30,000	As Arranged	Before Beginning Operations	Approved Supplier

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Grand Opening Advertising[11]	$25,000	$30,000	As Arranged	60-120 Days Before Beginning Operations	Advertising Suppliers
Legal & Accounting[12]	$2,500	$3,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds– For Initial 12-Month Period[13]	$21,000	$30,000	As Arranged	As Necessary	Employees, Utilities, Lessor, Suppliers
TOTAL[14]	$266,000	$492,000			

NOTES

[1] Franchise Fee. The Initial Franchise Fee is $45,000 and payable upon signing the Franchise Agreement or the Rider. If you sign a Rider, the Initial Franchise Fee is $45,000 for each Franchise Agreement. When you sign the Rider, you must pay us a $10,000 deposit on the Initial Franchise Fee for each additional Franchise Agreement beginning with the second Franchise Agreement. You must pay us the balance of $35,000 for each additional Franchise Agreement when you sign the Franchise Agreement for that School. These fees and refund policy are described in more detail in Item 5. We do not finance any fee.

[2] Real Estate/Rent. You must lease or otherwise provide a suitable facility for the operation of the One River School. Typically, the facility will range in size but be between 2,000 and 3,000 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. The low estimate is based on an assumption that you will have to pay a security deposit equal to one month's rent to lease the facility and is based on the lowest monthly rent in our System. The high estimate is based on an assumption that you will have to pay a security deposit but the amount may differ based on rent prepayment, tenant improvement allowance and other fees related to your lease. It is likely that your average monthly rent will fall within this range. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility. Estimated rental costs for 6 months are included with the category, "Additional Funds," (See Note 17 below).

[3] Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information.

[4] Leasehold Improvements. To adapt a newly acquired facility for operation of the One River School, it must be renovated. The cost of the leasehold improvements will vary depending on factors including, the size, condition and location of the facility, local wage rates and the cost of materials. The low estimate assumes that your landlord will provide a full build-out allowance. The high estimate includes architect, contractor and designer fees in addition to build-out expenditures and it could often be offset by rent abatements or other incentives that reduce other startup costs. The amounts you pay for leasehold improvements are typically non-refundable. The amounts you pay for leasehold improvements are typically non-refundable. You should inquire about the refund policy of the architect and contractor at or before the time of hiring.

[5] Initial Inventory and Merchandise. You must purchase an initial supply of products and equipment including art supplies. These costs will vary based upon the size and location of the One River School and other related factors. We do not know if the amounts you pay for initial inventory are refundable. Elements determining whether inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

[6] Insurance. You must purchase all insurance policies required by the state in which the One River School is located. In addition, we require that you purchase the following types and amounts of insurance:

(1) "all risk" property insurance coverage at replacement cost for assets of the One River School;
(2) commercial general liability insurance with a minimum bodily injury and property damage liability coverage limit of $1,000,000 per occurrence or higher if your state law requires;
(3) business interruption insurance covering at least 9 months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence;
(4) insurance coverage for contractual indemnity;
(5) small art gallery insurance;
(6) riders to the insurance policies for sexual molestation and corporal punishment;
(7) workers' compensation insurance and employer liability coverage with a minimum limit of $1,000,000; and
(8) hired and non-owned automobile liability insurance of at least $1,000,000 combined single limit per accident (if you allow employees to drive off-site to provide services).

Factors that may affect your cost of insurance include the size and location of the One River School, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase. The range included constitutes a cost estimate for the first three-month period.

[7] Office Equipment and Supplies. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

[8] Training. The cost of Initial Training for up to three attendees is included in the franchise fee, but you are responsible for transportation and expenses for meals and lodging and you and your employees, as well as any salaries, while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel any reservation.

[9] Signage. This range includes the cost of all signage used in the One River School. The signage requirements and costs will vary based upon the size and location of the One River School, local zoning requirements, landlord requirements and local wage rates for installation. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

[10] Furniture, Fixtures & Equipment. You must purchase and/or lease and install furniture, fixtures, security system, equipment and décor necessary to operate your One River School from approved suppliers. This estimate also includes the computer equipment and software for use in your One River School as described in Item 11. The amounts you pay for computer equipment and software are typically non-refundable, or if

refundable, you may be subject to a "re-stocking" fee. You should inquire about the return and refund policy of the supplier at or before the time of purchasing. These purchases support both instructional and business functions. Lease options may be available in some cases.

[11] Grand Opening. You must conduct grand opening advertising prior to opening. You must spend a minimum amount of $25,000 on local advertisement and promotion of initial opening (grand opening advertising), including print, media and other advertising or promotional efforts, which you must start spending no later 120 days prior to the opening of your One River School. You may choose to spend more. See Item 11. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the One River School, time of year and student demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

[12] Legal & Accounting Fees and Licenses & Permits. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your One River School. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants, as well as local government regulations and permit requirements. This line item also includes the costs associated with state and local government agency fees for occupancy permits, operating licenses and construction permits. Costs may vary from the estimates based on the local requirements.

[13] Additional Funds. We recommend that you have a minimum amount of money available to cover rent for the facility and operating expenses, including employees' salaries, for the first 12 months that the One River School is open. The estimate of additional funds is based on our affiliate's experience in owning and operating Company-Owned Schools and the experience of franchisees, who have started businesses within the past three (3) years. This line item assumes that you will be the owner-operator of the School and will need to hire two full-time employees (ranging from $3,000 to $12,000 in costs) as well as enough part-time art teachers to cover approximately 15 to 20 hours of classes per week (making a range of $15 to $35 per hour), however, it is solely your responsibility to determine the number of employees you need to hire, the status of those employees and the amount you pay those employees. This figure also includes the local advertising spend for the first 12 months. The low estimate assumes enrollments pre-opening contributes to cover the operating expenses in the first 12 months of the operation of your School. These expenses are typically non-refundable.

[14] Total. In compiling this chart, we relied on our and our Parent's industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your facility, the capabilities of your management team, where you locate your One River School, and your business experience and acumen.

DEVELOPMENT RIGHTS

Type of Expenditure[1]	Amount Low to High	Method Of Payment	When Due	To Whom Payment is to be Made
Development Fee[2]	$55,000 to $65,000	Lump Sum	One-time fee due on signing of Development Rights Rider	Us
Cost to Open First One River School[3]	$221,000 to $447,000	As needed	As arranged	Lessor, Vendors, Approved Suppliers, etc.

Type of Expenditure[1]	Amount Low to High	Method Of Payment	When Due	To Whom Payment is to be Made
Additional Funds - For Initial 12-Month Period[4]	$0 to $10,000	As needed	As needed	Various
Total[5]	$276,000 to $522,000			

NOTES

[1] We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

[2] The Development Fee is discussed in Item 5. The low end of this estimate is the Development Fee for the right to open and operate two (2) One River Schools and the high end of this estimate is the Development Deposit for the right to open and operate three (3) One River Schools. You will not be required to pay any additional "initial franchise fee" for One River School opened pursuant to the Development Rights Rider outside of the second payment required for each One River School to cover the remainder of the Development Fee. The range above does not include the second and third payment of the Development Fee because those payments will not be made prior to opening the first One River School under the terms of the Development Agreement.

[3] This figure represents the total estimated initial investment required to open the first One River School under your first Franchise Agreement, minus the Initial Franchise Fee applicable to the first One River School since that amount is included in the Development Fee (see the Item 7(A) chart above for additional details).

[4] This figure covers expenses you may incur during the first twelve months initial phase of your area development that do not include the costs related to the individual One River Schools under the Development Agreement including additional training, advertising costs, insurance premiums, payroll costs, supplies and gas and expenses to travel from one of your locations to other locations in development. Your costs during this initial phase will depend on factors including how many One River Schools you have the right to open under the Development Agreement; how far apart your One River Schools are located; and how much personnel you engage to manage and fulfill your obligations under the Development Agreement. You may not incur any additional operational costs if you have opened just one One River School under the Development Agreement.

[5] This figure represents the total estimated initial investment to purchase a Development Area for two (2) to three (3) One River Schools, including the estimated initial investment to open your first One River School under the Development Rights Rider. This figure does not include the cost to develop the second and subsequent One River Schools under the Development Rights Rider or the second payment of the Development Fee required for each One River School. These figures are estimates. We relied on the experience of the Company-Owned Schools that are substantially similar to the franchise being offered under this Disclosure Document, as well as estimates obtained from third party vendors.

ITEM 8. RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

Franchisor As Designated Supplier

Currently, we and the Parent are the sole designated suppliers of certain computer software as described in the Confidential Brand Standards Manual. Except for the computer software, you are not required to purchase any goods or services from us or our affiliate.

Accounting

We require you to use an accounting and bookkeeping system we designate. The accounting system you are currently required to use is Quickbooks or another comparable accounting software approved by us.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all fixtures, equipment, computer equipment, security system and security cameras, inventory, signage, furniture and other products used or offered for sale at the School including purchase of a full IT platform, opening inventory of art supplies, promotional materials, finishing, furnishing, and fixtures, and art supplies for resale. Additionally, you must conduct all art exhibitions in accordance with our standards and specifications, including with respect to types of artists and artwork that you display. These standards and specifications are based on our and our Parent's experience in operating businesses of the type we are franchising and through research and testing in our and the Parent's business. We may communicate our standards and specifications directly to suppliers who wish to supply you with fixtures, equipment, inventory, furniture, and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the One River School during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your franchise location, and through the "Confidential Brand Standards Manual" (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices. In addition, the following must comply with our specifications:

Location Selection and Lease

If your Location is not established when you sign the Franchise Agreement, then we will identify a designated area where you can search for a Location ("Designated Area"). You have no exclusivity to the Designated Area. Within 30 days of obtaining the lease to your One River School, you will be required to sign the Exclusive Area Addendum attached to the Franchise Agreement as Exhibit 6. If you sign a Development Rights Rider, you must select the site for your One River School from within the Territory.

Site Selection and Construction

You must locate a site for the School that satisfies our site selection criteria. These criteria include high visibility locations that offer significant signage and drive-by traffic. The site should be free standing or have complementary co-tenants. The site should consist of between 2,000 and 3,000 square feet with parking and be located in upscale communities of high density populations of households with children. You must hire, at your expense, an architect or engineer to adapt our specifications and plans as needed for the construction or remodeling of your One River School and provide them to us before you provide them to the landlord and any applicable government authorities. You must obtain our consent to your initial plans and any deviation from the approved plans will require our further consent.

Advertising and Promotional Materials

All your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them. You must submit any unapproved plans and materials to us and explain the reason for the requested plan and provide us with sufficient technical data to enable us to evaluate your request, and we will use reasonable efforts to approve or disapprove them within 5 days after we receive them. If you wish to purchase or use any advertising materials or plans from unapproved supplier, you or your supplier must submit to us a written request for approval. You must not purchase or lease any advertising materials from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the advertising plans or materials approval process. You must not use the plans or materials until we have approved them, and must promptly discontinue using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the One River School. These policies must be written by a responsible insurance carrier or carriers rated “A-VI” or better as indicated in the latest issue of A.M. Best’s Key Rating Guide and which are licensed in the state in which you will operate. At a minimum, you must carry “all risk” property insurance coverage at replacement cost for assets of the One River School; workers’ compensation insurance and employer liability coverage with a minimum limit of $1,000,000 or higher if your state law requires; commercial general liability insurance with a minimum bodily injury and property damage liability coverage of $1,000,000 per occurrence or higher if your state law requires; business interruption insurance covering at least 9 months’ loss of profits and necessary continuing expenses for interruptions caused by any occurrence; hired and non-owned automobile liability insurance of at least $1,000,000 combined single limit per accident (if you allow employees to provide services off-site); and insurance coverage for contractual indemnity. It is also highly recommended that you purchase a “small art gallery” insurance plan that covers liability on consigned artwork and work in transit with minimum coverage of $50,000 that covers both loss and damage. We have the right to designate a sole approved supplier of such insurance policies.

Approved Suppliers

In addition to the above, if we have approved suppliers (including brokers, manufacturers, distributors and other sources) for any services, inventory, fixtures, furnishings, equipment, or other items, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate the ability to meet our then-current standards and specifications for inventory, fixtures, furnishings, equipment and other items used or offered for sale at the One River Schools and who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may change the number of approved suppliers at any time, including designating ourselves, an affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of your purchases and leases. Currently, neither we nor our affiliates are approved suppliers of inventory items, but we may, in our sole discretion, require supplies and items to be purchased exclusively from us or our affiliates or from approved suppliers or distributors, and you will pay the then-current price in effect for those items.

Currently, we have sole approved suppliers for art supplies, key computer equipment and accessories, and equipment and technology. You must enter into direct purchase relationships with each of these suppliers. We may negotiate corporate discount programs for the benefit of franchisees that you must participate in.

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products, services, inventory or other items from an unapproved supplier, you or your supplier must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. We are not required to approve any particular supplier, and we are not required to notify you of our approval or disapproval within any specified period of time. However, we will use our good faith efforts to notify you of our decision within 30 days after we receive your request for approval and all requested back-up information, but the time period will depend upon the cooperation we receive from the supplier in responding to our questions. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

Except for the Parent, which is owned in part by our Founder, none of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the One River School System. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our System.

<u>Purchasing Arrangements</u>

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered “required purchases.” We describe these obligations in detail in the preceding sections of this Item 8. We estimate that your total initial required purchases and leases will be about 45% of the cost of your purchases or leases in establishing your One River School. We estimate your required purchases and leases for the operation of the School will be 4% of your annual purchases or leases.

During our last fiscal year ending December 31, 2025, we, One River School Franchising, LLC as the franchisor entity, derived $19,378 in revenue as a result of franchisee required purchases, which is 11.13% of our total revenue of $174,028. We and the Parent may derive revenue or other material consideration based on franchisees’ required purchases and leases of various products and equipment from us, the Parent, and other approved suppliers.

We may negotiate purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees. In doing so, we will seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates based on franchisee purchases of up to 15% from approved or designated sources. During the last fiscal year ending December 31, 2025, our Parent did not receive any rebates from approved sources. We currently have purchase arrangements for the following items: art supplies, key computer equipment and accessories, and equipment and technology.

As of December 31, 2025, there are no purchasing or distribution cooperatives.

We do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products and services. However, a franchisee that does not use such sources will be in breach of the Franchise Agreement.

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 the Franchise Agreement and Development Rights Rider ("Rider")	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 5, and Section 6 of Rider	Items 11 and 12
b.	Pre-opening purchases/leases	Sections 5, 12 and 15	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 8	Items 7, 8 and 11
d.	Initial and ongoing training	Section 8	Items 6, 7 and 11
e.	Opening	Sections 5, 8 and 11, and Section 7 of Rider	Item 11
f.	Fees	Sections 3, 8, 10, 11, 12, 13, 15, 17, 18 and 23, and Section 5 of Rider	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 5, 6, 7, 9, 10 and 13	Items 8, 14 and 16
h.	Trademarks and proprietary information	Sections 5, 6, 7, 9 and 10	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6, 10 and 13	Items 8 and 16
j.	Warranty and customer service requirements	Section 13	Item 16
k.	Territorial development and sales quotas	Section 2 of Rider	Not Applicable
l.	Ongoing product/service purchases	Section 13	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 5, 10 and 13	Item 6
n.	Insurance	Section 15	Items 6, 7 and 8
o.	Advertising	Sections 2 and 11	Items 6, 7 and 11
p.	Indemnification	Section 21	Item 6
q.	Owner's participation/management/ staffing	Section 13	Item 15
r.	Records and reports	Section 12	Item 11

Obligation		Section in the Franchise Agreement and Development Rights Rider ("Rider")	Disclosure Document Item
s.	Inspections and audits	Sections 6 and 12	Items 6, 11 and 13
t.	Transfer	Section 18 and Exhibits 1 and 5, and Section 9 of Rider	Items 6 and 17
u.	Renewal	Section 4 and Exhibits 1 and 5	Item 17
v.	Post-termination obligations	Section 17 and Exhibits 3 and 5	Item 17
w.	Non-competition covenants	Sections 7 and 17 and Exhibits 3 and 5	Item 17
x.	Dispute resolution	Section 24 and Exhibit 5	Item 17
y.	Continuous operation and best efforts	Sections 5.8, 13.3, 13.10 and 13.14	Not Applicable
z.	Customer service and vendor payments	Section 13.9	Item 7

ITEM 10. FINANCING

Neither we nor any agent or affiliate of ours offers direct or indirect financing to you or guarantees any note, lease, or obligation of yours.

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

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

A. Pre-Opening Obligations. Before you open your One River School, we will:

1. Review a proposed site for the One River School if you have a potential site for the One River School. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will designate a geographic area in which you must locate the One River School and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Sections 2.3 and 5.1). We do not typically own any premises which we then lease to franchisees.

The general site selection and evaluation criteria or factors that we consider in approving your site includes the condition of the premises, demographics of the surrounding area, proximity to other One River Schools, proximity to competitive businesses, lease requirements, traffic patterns, visibility, signage, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time (usually 30 days) after receiving all requested information. If we cannot agree with you on a suitable site for the One River School within 60 days after you sign the Franchise Agreement, we may terminate the Franchise Agreement and the Initial Franchise Fee will be forfeited (Sections 5.1, 5.2 and 5.3). Additional site selection criteria are provided in Item 8.

2. Provide you with specifications for remodeling and equipping the approved location along with a list of required supplies, equipment and improvements that you must purchase and install. (Section 5.4)

3. Provide an Initial Training program. This training is described in detail later in this Item. (Section 8.1)

4. Provide to you on-site assistance and guidance to assist you with any questions you may have in operating the One River School. (Section 8.2)

We do not provide you with any assistance with respect to (a) hiring or training your personnel, except that we will provide the Initial Training program to three employees; (b) locating a site and negotiating the purchase or lease of the site; (c) conforming the premises to local ordinances and building codes and obtaining any required permits; or (d) constructing, remodeling, or decorating the premises.

Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise is between 180 and 270 days (6 to 9 months). Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in tenant improvements and installation of equipment and fixtures. You must open your One River School to the public and be operational within 270 days after signing the Franchise Agreement. (Sections 5.5 and 5.7). You must select a site that meets our approval within 60 days of signing the Franchise Agreement. (Section 5.2). You must enter into a lease for an Approved Location within 120 days of execution of the Franchise Agreement. (Section 5.3).

You must obtain our prior written consent before the opening of your School as outlined in the Confidential Brand Standards Manual and Franchise Agreement. You may not open your School until: (1) you secure the minimum required insurance; (2) your required personnel complete Initial Training to our satisfaction; (3) all amounts owed to us have been paid; (4) you have acquired all required permits, licenses, or third-party consents; (5) you have obtained the required opening inventory; and (6) you receive notice from us in writing that you satisfied all pre-opening obligations. You must be prepared to open once we confirm in writing that you met each of these requirements and are permitted to commence opening.

B. Continuing Obligations. After the opening of the One River School, we will:

1. Periodically advise you and offer general guidance to you by virtual meetings, telephone, e-mail, facsimile, newsletters, and other methods. Our guidance is based on our and our Parent's knowledge and experience. We offer you advice and guidance on a variety of business matters, including operational methods, marketing process, sales and enrollment processes, customer service, educational and curriculum policies, accounting procedures, authorized services or products and marketing and sales strategies. (Section 14.1)

2. Make periodic visits to the One River School, as we deem necessary in our discretion, to provide you with consultation, assistance and guidance in various aspects of the operation and management of the One River School. We may prepare written reports suggesting changes or improvements in the operations of the One River School and detailing deficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy. (Section 14.2)

3. Make available to you operations assistance and ongoing training as we think necessary. (Sections 8.2 and 8.5) Ongoing training programs are described later in this Item and in Item 6.

4. Approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising. (Section 11.2) Our advertising programs are described later in this Item.

5. At our option, specify the prices of the products and services offered and sold by you. (Section 11.8)

We do not provide assistance with respect to: (i) establishing and using administrative, bookkeeping, accounting and inventory control procedures, (ii) establishing prices or (iii) hiring or training your personnel, except that we will provide continuing, additional or refresher training, as scheduled.

C. Advertising and Promotion

1. Except for our obligations related to the maintenance and expenditure of monies in the Marketing Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We are not required to spend any amount for advertising in your Exclusive Area. (Section 11.3).

2. During your first year of operation, you must spend a minimum of $7,500 per quarter ($30,000 per year) on advertising, promotions and public relations in the local area surrounding the One River School in addition to expenditures for grand opening advertising. During your second year of operation, you must also spend a minimum of $7,500 per quarter ($30,000 per year) on advertising, promotions and public relations in the local area surrounding the One River School. Beginning in your 25th month of operations and every month after, you must spend at least 5% of the previous month's Gross Sales on advertising, promotions and public relations in the local area surrounding the One River School and not less than $30,000 annually. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review, and approve or disapprove, your advertisements. We are not required to spend any funds on advertising your One River School in your local area. (Section 11.2)

3. To assist in our regional and national advertising we require all franchisees to contribute to a System-wide Marketing Fund. You must contribute to the Marketing Fund, 2% of your Gross Sales (Section 11.3).

4. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay the cooperative advertising fee, which shall not exceed 5% of Gross Sales.

(a) We control the creative concepts and the materials and media to be used, and we determine the placement and allocation of advertisements. We may work with an outside local, regional or national advertising agency in developing advertising and marketing creative material for print, radio, television, yellow pages, social media, public relations, media relations and/or other avenues as we deem appropriate or we may prepare the materials ourselves in-house. In addition, we also may, in our sole discretion, prepare various promotional materials in-house or with our own employees or personnel. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Marketing Fund. If expended, the media coverage may be local, regional or national, at our or the Marketing Fund's discretion. We do not have advertising council of franchisees that advises us on advertising and marketing.

(b) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Marketing Fund before we use current contributions. We intend for the Marketing Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share.

(c) All One River Schools owned by the Parent, or affiliates or us are not required to make similar contributions to the Marketing Fund.

(d) Any unspent accrued Marketing Fund Contribution for any calendar year will be used in a subsequent calendar years. We are not required to provide franchisees with periodic accounting and/or financial statements of the Marketing Fund, including the fees paid into the by franchisees, but if we do prepare an accounting and/or financial statements of the Marketing Fund, we will make it available to you upon your written request that must be submitted to us. The Marketing Fund annual statement is not audited, but we may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the Marketing Fund's expense.

(e) The Marketing Fund is not a trust and we assume no fiduciary duty in administering the Marketing Fund.

During the 2025 fiscal year, 50% of our Marketing Fund was spent on our website development, 25% was spent on search engine marketing services to market franchisees' business through online platforms, such as Google AdWords and Meta tags, 21% was spent on content and video production services, 4% was spent on public relations projects intended to enhance the goodwill and recognition of One River Schools. No portion of the Marketing Fund was or will be used for advertising that is principally a solicitation for the sale of franchises. However, a portion of the Marketing Fund may be spent on the development and maintenance of our Website, which may contain information relating to franchise opportunities for a One River School and we reserve the right to include "Franchises Available" or similar language with our contact information on any advertising purchased or created by the Marketing Fund.

5. We have not established cooperative advertising program. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all Schools located in a particular region. Membership will be defined by geographic region. If your franchise is located within a region subject to an advertising cooperative, you will be required to pay the cooperative advertising fee, which shall not exceed 5% of Gross Sales.

All One River Schools owned by the Parent, or affiliates or us are not required to participate in an advertising cooperative even if an advertising cooperative has been established for the region in which the Company-Owned School is located. All Schools operated by franchisees will be required to participate in an advertising cooperative if the One River School is located in a region subject to an advertising cooperative. Alternatively, we may administer the advertising cooperative ourselves. Advertising cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the advertising cooperative upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time. (Section 11.4)

6. Except for our obligations related to the maintenance and expenditure of monies in the Marketing Fund, we are not required or obligated to conduct any advertising. We have the right to modify the source of advertising at any time. We are not required to spend any amount for advertising in your Exclusive Area. We have the right to direct all advertising and promotional programs and activities, and the right to control and approve all the concepts, materials and media used in such programs and activities.

D. Computer System

You must purchase and use any hardware and software programs we designate. (Section 12.5) Presently, we require you to purchase the following hardware and software:

HARDWARE
12-15 Mac Minis, 3-4 iPads, and 12-15 XP Tablets, 3 MacBook Airs, 1 MacBook PRO, 3-4 Apple TV's plus other peripherals
SOFTWARE
Hubspot, WooCommerce, WordPress, Stripe, Quickbooks, Google, Dropbox and other supporting software

The computer system collects and manages information about various transactions at your School, including detailed sales data, record and account for all revenue, students and teachers schedule, meetings schedule, inventory, cost of goods, prices, coupons, taxes, and other sales information. The approximate cost of the hardware and software can cost up to $35,000, however, we have negotiated a deal with Apple that allows you to lease certain of the equipment. If you are approved to lease the equipment, your costs may be lower. This cost is included in the "Computer Equipment & Software" category in Your Estimated Initial Investment chart in Item 7. The initial cost includes the purchase of the hardware and software. We estimate that you will spend $500 to $2,000 annually on any optional or required maintenance, updating, upgrading or support contracts for your computer system.

You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer systems. There are no limits on our rights to do so, except as disclosed in Item 16. We are not responsible for any maintenance, repairs, updates and upgrades to your computer system. We have the right to independently access all information you collect or compile at any time without first notifying you, and there are no contractual limitations on our right to access your information. In general, student contact information (such as name, phone number, email address and birthday), student purchase history, and other sales reports are generated and stored in the computer system. (Sections 10.2, 12.5, and 12.7)

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, data related problems and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include trying to secure your computer systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

We are not obligated to provide or assist you in obtaining any of the above items or services.

E. Websites.

You may not establish any website or social media without our prior approval. (Section 11.5)

F. Confidential Brand Standards Manual

After you sign the Franchise Agreement, we will provide you with access to a copy of our Confidential Brand Standards Manual either in electronic or paper form. The Confidential Brand Standards Manual contain mandatory and suggested specifications, standards and operating procedures. The Confidential Brand Standards Manual are highly confidential, are on loan to you and remain our property. We may revise the Confidential Brand Standards Manual from time to time by posting the revisions electronically or by letter, memorandum, bulletin, videotape, audiotape, diskette, CD ROM, electronic mail or by other written or electronic communication, including the Internet. You must abide by all revisions. A copy of the table of contents of the Manuals is attached as Exhibit D and is currently 126 pages. We consider the contents of the Confidential Brand Standards Manual to be proprietary, and you must treat them as confidential. You are prohibited from copying or distributing the Confidential Brand Standards Manual in any manner whatsoever. You must only use the information contained in the Confidential Brand Standards Manual to manage and operate the School and may not use such information for any other purpose.

G. Training

We provide an Initial Training program that covers material aspects of the operation of the One River School to you or your "Operating Principal" and up to two of your employees for a total of three attendees, which consists of 5 days in-person training in Englewood, New Jersey and approximately 10 hours of on-line training modules and on-site assistance. The topics covered are listed in the chart below. This training is offered on a bi-annual basis in Englewood, New Jersey or another location we designate. You or your Operating Principal and the primary employees listed below must attend and complete the Initial Training program to our satisfaction approximately 4 weeks but not more than 16 weeks before the opening of the One River School. Your primary employees must include your "Director" of School for the One River School (which may be the same person as the Operating Principal) and the "Director of Education" (which will be the primary educator and that person will report to the Director of School and is accountable for the educational component) and your "Director of Member Services" (which will report to the Director of School and is responsible for all enrollment and customer service components). We will not provide any assistance in hiring decisions for your employees or managers. We expect that your attendees will advance through the training program at different rates depending on a variety of factors including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training. We do not charge a tuition fee for Initial Training for up to three attendees. We may provide Initial Training to additional personnel at any of our scheduled initial training courses at our then-current fee upon commencement of the training program at your request and subject to our availability. The current initial training fee for additional attendees is currently $2,000 per person. You must pay for all travel costs and living expenses for yourself and any of your attendees (and any salaries for employees you send to the training). These costs are estimated in Item 7. If you replace your Operating Principal through an approved transfer or your Director of School, your new "Director of School" or "Director of Education" must attend our training program and complete the program to our satisfaction prior to assuming the new role. You may be charged fees for additional training. Our current fees for additional training is $2,000 per person. You must pay for all travel costs and living expenses for yourself and any of your attendees (and any salaries for employees you send to the training) incurred in connection with such additional training. You are responsible for training your own employees and other management personnel. This Initial Training is in addition to the on-site opening assistance we provide to you. Your One River School must at all times be under the day-to-day supervision of a Director of School, and general supervision of an Operating Principal, who each has satisfactorily completed our training program. (Section 8)

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Overview	1	.2	Englewood, New Jersey or your School
The Brand Standards Manual	1	.2	Englewood, New Jersey or your School
The Franchise Agreement	1	.2	Englewood, New Jersey or your School
Responsibilities of a Franchisee	1	.2	Englewood, New Jersey or your School
Pre-Opening obligations	2	.2	Englewood, New Jersey or your School
Business registration	0	.2	Englewood, New Jersey or your School
Site selection and lease	0	.3	Englewood, New Jersey or your

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
negotiations			School
Insurance and banking	0	.2	Englewood, New Jersey or your School
Reporting requirements and maintenance	1	.3	Englewood, New Jersey or your School
Setting up the business	0	.5	Englewood, New Jersey or your School
Hiring your staff and personnel practices and policy	2	1	Englewood, New Jersey or your School
Marketing	2	1	Englewood, New Jersey or your School
Education and Teaching Methodology	4	4	Englewood, New Jersey or your School
Record keeping and accounting	1	.5	Englewood, New Jersey or your School
Hospitality & Customer service	3	2	Englewood, New Jersey or your School
Review	1	1	Englewood, New Jersey or your School
Computer & software training	3	2	Englewood, New Jersey or your School
Job and staff training	5	3	Englewood, New Jersey or your School
Safety Training	2	0	Englewood, New Jersey or your School
Studio and supply ordering, storage and maintenance	1	0	Englewood, New Jersey or your School
Review	1	0	Englewood, New Jersey or your School
Sales Training	4	3	Englewood, New Jersey or your School
Health, sanitation and licensing requirements	0	.1	Englewood, New Jersey or your School
Total Hours	36	20.1	

Matt Ross, Agnes Mauro and other associates will provide training. Mr. Ross is our Founder. He has over 19 years of advisory experience in these areas. Ms. Mauro is our CEO and has helped to build all the core processes at One River School over the last 13 years. Our additional trainers typically have at least one year of hands-on engagement at One River School. If circumstances require, a substitute trainer may provide training to you. We do not set a minimum amount of training any substitute instructor must have, but we require every instructor to evidence a proficiency in the subject matter prior to instructing any course. We may periodically name additional trainers if the training schedule requires it. There are no limits on our right to assign a substitute to provide training.

The training will include the following instruction materials: Confidential Brand Standards Manual, software procedure manual, overhead presentations, video, interactive role-play, teacher lectures, and other various educational materials. The dates and location of the training will be communicated to you in the Confidential Brand Standards Manual.

Periodically, you, your managers or employees must attend refresher-training programs to be conducted in Englewood, New Jersey or other locations we think beneficial. Attendance at these programs will be at your expense. You do not have to attend more than 1 of these programs in any calendar year that requires over four hundred (400) miles of travel (Section 8.5). We may also offer virtual training as part of the refresher-training. Your failure to attend mandatory refresher-training programs will be treated as a default under the Franchise Agreement.

ITEM 12. TERRITORY

Location and Exclusive Area

You will receive an exclusive territory. Your Franchise Agreement will grant you the right to open a One River School at a specified location (the "Location") within a designated geographic area, which will be described and depicted in a map attached to Exhibit 6 to the Franchise Agreement ("Exclusive Area"). The Exclusive Area will be determined after the Location is approved. If you receive our consent for a Location before or at the signing of the Franchise Agreement, it will also be identified on Exhibit 6 to the Franchise Agreement.

The Exclusive Area generally will be defined by and exist within a set geographic area and boundaries. The size of your Exclusive Area may vary based on population density and other factors. Your Exclusive Area will typically consist of approximately one (1) mile if you are located in an urban environment or approximately ten (10) miles if you are located in a suburban or rural environment. If we determine your Exclusive Area based on population, the typical Exclusive Area is comprised of approximately 120,000-150,000 people. You will operate your One River School within, and limit all direct marketing, advertising, and business activities to, the Exclusive Area. You will maintain rights to the Exclusive Area even if the population increases.

Right of First Refusal

The Franchise Agreement does not grant you the right to acquire additional Franchises within or outside of your Exclusive Area. You must meet our qualifications for new franchisees to qualify for an additional franchise location.

Performance Standards

Exclusivity of the Exclusive Area is not dependent upon you achieving any sales volumes, market penetration or any other contingency. There are no minimum sales quotas. We may not alter your Exclusive Area unless you breach the Franchise Agreement or other agreement with us or our affiliates. If you breach the Franchise Agreement or other agreement with us or our affiliates and the breach is not curable or the breach is not cured within the designated cure period, then we may make your Exclusive Area non-exclusive.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises inside or outside of your Territory.

Reservation of Rights

We and our affiliates reserve all rights not expressly granted to you in the Franchise Agreement, and which you have no right to conduct, including, without limitation:

1. The exclusive right to own and operate different businesses other than a One River School under the Marks inside your Exclusive Area.

3. The exclusive right to sell Products and other products, goods and merchandise, bearing the Marks through the Internet, catalog sales, telemarketing, or other direct marketing channels without compensation to you. These products and merchandise may be similar or identical to Products sold within your School, and customers who purchase our Products through such channels may be located within your Exclusive Area.

4. The exclusive right to establish alternate channels of distribution ("Alternative Distribution Channels") for the sale of any services and products which we may create in the future under the Marks, or any other marks, including Internet sales, distance learning, webinars, online courses and tutorials, catalog sales, delivery of services at a student's home or place of business, or at a school, education center, or community center, telemarketing, or other direct marketing sales without compensation to you. Alternative Distribution Channels may operate inside the Exclusive Area; there are no geographic limitations on the territory in which we or our affiliates may use Alternative Distribution Channels. Further, Alternative Distribution Channels may engage in direct competition with your School and there are no restrictions on the type of products or merchandise an Alternative Distribution Channel may offer.

5. The exclusive right to own and operate businesses under different marks inside your Exclusive Area, or license others the right to own and operate businesses under different marks inside your Exclusive Area. Neither we nor our affiliates currently operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell. However, we reserve the right to do so in the future.

6. The right to use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in the Franchise Agreement.

We also reserve the right in your Exclusive Area to communicate with students of the One River School via any form of communication and for any reason.

If we acquire, or are acquired by, another system that operates businesses or offers franchises that are the same as or similar to One River Schools which are located within the Exclusive Area, we have the right to establish, acquire, operate or license business concepts under the newly acquired merged system or trademarks, regardless of their proximity to your Exclusive Area or the actual or threatened impact on your One River School franchise. We will not compensate you for any sales made in your area through Alternative Distribution Channels. There are no restrictions on our right to solicit or accept business from consumers inside the Exclusive Area without paying any compensation to you.

These activities may compete with your One River School.

You may not directly market to or solicit students outside your Exclusive Area but you may enroll a student who lives outside your Exclusive Area. Unless you are advertising cooperatively with another franchisee, you may not advertise outside your Exclusive Area using any channel of advertising (such as the Internet, catalog sales, telemarketing or other direct marketing) or in any media primarily circulated outside of your Exclusive Area without our prior written consent. We make no guarantees, promises, representations, statements or warranties that other franchisees will not advertise or market to customers within your Exclusive Area. We, in our sole discretion, may enforce the advertising and marketing restrictions indicated in this Item, but we are under no obligation to do so. Under no circumstances will we be liable to you if other franchisees market or advertise to customers within your Exclusive Area. Other franchisees may advertise and market within your Exclusive Area if the advertising or marketing is not specific to your Exclusive Area (for example, advertising in a newspaper with general circulation).

Relocation

You will operate the franchise from one location in the Exclusive Area that we approve. You may not operate anywhere other than your approved Location. You must receive our written permission before relocating. If you can no longer use the location due to circumstances beyond your control, for example, the destruction of the premises, you may be allowed to relocate. You must reimburse us for our costs and expenses included in connection with any relocation request. Aside from cases of force majeure, the new Bakery location must be open and operating prior to the closure of your current Location.

Development Rights Rider

If you sign a Development Rights Rider, we will grant you a Territory. We determine the Territory before you sign the Development Rights Rider based on various market and economic factors like market demographics, the penetration of One River Schools and similar businesses in the market, expansion potential, the availability of appropriate sites and growth trends in the market. The Territory may be all or a portion of a city, a contiguous number of zip codes, a single or multi-county area, or some other geographically identifiable area, which will be described in the Development Rights Rider.

You must develop One River Schools in the Territory as outlined in the mandatory development schedule in the Development Rights Rider. We must agree to the development schedule before signing the Development Rights Rider.

If you comply with the Development Rights Rider and all other agreements that you and your affiliates have with us and our affiliates, then we will grant you an exclusive Territory and we and our affiliates will not establish, or authorize anyone except you to establish, any One River Schools in the Territory during the term of the Development Rights Rider. We retain all other rights. Among other things, this means we can conduct activities in the Territory like those described above in relation to the Exclusive Area. When the term of the Development Rights Rider expires or terminates, then you will only have an Exclusive Area as defined in the franchise agreements for any developed One River Schools. You will no longer have any rights in the Territory beyond the Exclusive Area defined under any franchise agreements for One River Schools developed in the Territory.

If you fail to comply with the mandatory development schedule, or otherwise materially default under the Development Rights Rider, then we may (in addition to our other remedies) terminate the Development Rights Rider. When the Development Rights Rider expires or is terminated, you cannot develop additional One River Schools in the Territory (but may complete development of and/or operate One River Schools under the existing Franchise Agreements) and we may develop or authorize others to develop One River Schools in the Territory and exercise all rights not expressly granted to you under your Franchise Agreements.

Except as described above, continuation of any territorial exclusivity does not depend on the achievement of a certain sales volume, market penetration, or other contingency and we may not alter your Territory. You do not have any options, rights of first refusal or similar rights to acquire additional franchises inside or outside of your Territory.

ITEM 13. TRADEMARKS

You will receive the right to operate your School under the name "One River®," which is the primary Mark used to identify our System. The One River® Mark is registered on the Principal Register of the United States Patent and Trademark Office ("PTO") as follows:

Mark	Registration Number	Registration Date	Goods/Services
ONE RIVER	4859204	11/24/2015	Class 41: Educational services, namely, conducting classes, seminars, conferences, workshops in the field of art and distribution of educational materials in connection therewith; entertainment services, namely, art exhibitions; providing a website featuring entertainment information in the field(s) of art; information on education
ART SHUFFLE	4959551	05/17/2016	Class 41: Educational services, namely, conducting classes, and workshops in the field of art and distribution of educational materials in connection therewith
ART FOCUS	4959544	5/17/2016	Class 41: Educational services, namely, conducting classes, and workshops in the field of art and distribution of educational materials in connection therewith
TRANSFORMING ART EDUCATION	5635995	12/25/2018	Class 41: Educational services, namely, conducting classes, seminars, conferences, workshops in the field of art and distribution of educational materials in connection therewith; entertainment services, namely, art exhibitions; providing a website featuring entertainment information in the field(s) or art; information on education.
DIGITAL ART SHUFFLE	7275465	01/16/2024	Class 41: Educational services, namely, conducting classes, and workshops in the field of art and distribution of educational materials in connection therewith

All affidavits and renewals required to be filed have been filed.

You may also use other current or future Marks to operate your One River School that we designate in writing, including the logo on the front of this Disclosure Document.

We have an amended and restated license agreement with the Parent to use and sublicense the use of the primary Mark. The license agreement entered into is of perpetual duration. The license agreement may be terminated if we are insolvent, if a trustee or receiver is appointed to administer our business, if we make an assignment for the benefit of creditors, if we wind-up or sell our business, if our business is attached, seized or levied upon, if we are no longer affiliated with One River School or if we breach any of our duties or obligations under the license agreement. A termination of the license agreement will not affect any existing franchise agreement; only our ability to enter into new franchise agreements.

Currently, we know of no effective material determinations of the PTO, trademark trial and appeal board, the trademark administrator of any state or any court of any pending infringement, opposition or cancellation; or pending material litigation involving the Marks. We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state in which the One River School is to be located.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your One River School for the new or modified Marks. Upon written notice from us, you must conform your One River School to changes in the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any right in, or to, any patents or registered copyrights that are material to the franchise. We do not have any pending patent applications.

We developed certain trade secrets and other confidential information, including a proprietary curriculum, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a One River School. We will provide our trade secrets and other confidential information to you during training, in the Confidential Brand Standards Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your One River School. You may use the trade secrets and other confidential information as long as you are in compliance with the Franchise Agreement. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the One River School. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

All ideas, concepts, techniques or materials concerning the One River School and/or the System, including but not limited to the existing student list, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You agree to appoint an individual that owns at least 51% of the equity and voting interests of the legal entity which owns the School, who (i) will be responsible for the School and all decisions, (ii) shall be granted the authority to bind you in any dealings with us and our affiliates, (iii) shall be involved in the general oversight and management of the operation of the School, and (iv) shall direct any action necessary to ensure compliance with the Franchise Agreement and any other agreements relating to the School (the "Operating Principal"). Additionally, the One River School must always be under the direct, full-time, day-to-day supervision of a Director of School (which can also be the Operating Principal). If you are an individual, you must be the Operating Principal of the franchise. If you are a corporation or other business entity, your majority owner will be the Operating Principal and you must select a Director of School for the franchise. In order to ensure our brand standards and quality of services, we may require franchises appoint a Director of Education (in charge of the teaching aspect of the business) and Director of Member Services (in charge of marketing, enrollment and customer service).

Your Operating Principal, Director of School (which may be the same person as the Operating Principal), Director of Education and Director of Member Services must attend and satisfactorily complete our Initial Training program before opening the One River School. You must keep us informed at all times of the identity of your Director of School, Director of Education and Director of Member Services. If you must replace the Director of School or Director of Education your replacement must attend and satisfactorily complete our Initial Training program. The Operating Principal must own at least 51% of any franchisee entity. Currently, the Director of School and Director of Education do not need to own any interest in any franchisee entity, however, we may require that these roles be filed by beneficial owners of the Franchise.

As described in Item 14, certain individuals associated with your One River School, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement, subject to applicable law. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement. Spouses of owners are not required to sign the Unlimited Guaranty and Assumption of Obligations.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Approved Products and Services.

You must offer the services and products we specify including classes, lessons, artwork and art supplies. You must offer the services and products in accordance with our standards and specifications, including standards for artists and artwork. With respect to art exhibitions, you must submit your exhibition schedule on our prescribed form at least 120 days prior to that opening date for our approval. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove. You may not install or use, or permit the use of, at your One River School any vending machines, amusement devices, jukeboxes, video machines or other similar devices without first securing our advance written approval. You may not host or permit third parties to host programs (including after school programs or similar services) at your One River School without first securing our advance written approval. We may take action, including terminating your One River School, if you purchase or sell unapproved services or products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors as we determine, including test marketing, your qualifications, and regional or local differences.

Unless the student initiates contact with you, you may not provide goods or services to a student who resides outside of your Exclusive Area. (See Item 12) Otherwise, we do not place restrictions on you with respect to who may be a student of your One River School.

Membership Programs and Gift Cards.

You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, discount or promotion program we implement for all or part of the One River School franchise system and sign the forms and take other action we require for you to participate in these programs. (Section 11.7)

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	Section 4.1; Section 7 of Rider	The initial term is 10 years.
b. Renewal or extension of the term	Section 4.2	Up to 2 consecutive 10-year periods.
c. Requirements for franchisee to renew or extend	Section 4.2	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may contain

Provision	Section in Franchise or Other Agreement	Summary
		materially different terms and conditions than your original Franchise Agreement. Other conditions include: having fully complied with the provisions of the Franchise Agreement; having the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; having made capital expenditures as necessary to maintain uniformity with the System; having satisfied all monetary obligations owed to us; not being in default of any provision of the Franchise Agreement or any other agreement with us; having given timely written notice of your intent to renew; complying with current training and certification requirements; paying a renewal fee and signing a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 16.2; Section 8 of Rider	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined-curable defaults	Section 16.2.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Confidential Brand Standards Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.

Provision	Section in Franchise or Other Agreement	Summary
h. "Cause" defined-non-curable defaults	Section 16.2.1; Section 8 of Rider	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: (i) fail to timely select an approved site for or establish, equip and begin operations of the One River School; (ii) fail to have your Operating Principal, Director of School or Primary Educator satisfactorily complete training; (iii) fail to furnish evidence that you have satisfied all applicable licensing laws and regulations; (iv) fail to comply with good business practices; (v) made a material misrepresentation or omission in the application for the franchise; (vi) are convicted of or plead no contest to a felony or arrested and charged with any crime or offense likely to affect the reputation of either party or the One River School; (vii) after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the One River School; (viii) use the Confidential Brand Standards Manual, trade secrets or other confidential information in an unauthorized manner; (ix) if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; (x) abandon the One River School for 10 or more consecutive days; (xi) surrender or transfer control of the One River School in an unauthorized manner; (xii) fail to maintain the One River School under the supervision of a Director of School and Operating Principal following 180 days of your death or disability; (xiii) submit reports on 2 or more separate occasions understating any amounts due by more than 3%; (xiv) are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; (xv) misuse or make unauthorized use of the Marks; (xvi) fail on 2 or more occasions within any 12 month period to submit reports or records or to pay any fees due us or any affiliate; (xvii) violate, on 2 or more occasions, any health, safety or other laws or operate the One River School in a manner creating a health or safety hazard to students, employees or the public; (xviii) take any action reserved to us; (xix) fail to comply with applicable law after

Provision	Section in Franchise or Other Agreement	Summary
		notice; (xx) repeatedly breach the Franchise Agreement or comply with specifications; (xxi) or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.
i. Franchisee's obligations on termination/non-renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, you must: stop operating the One River School; stop using any trade secrets, confidential information, the System and the Marks; if requested, assign your interest in the franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Confidential Brand Standards Manual, trade secrets and all other confidential information; immediately deliver to us all student information, student data, class enrollment information, and related correspondence; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the approved location, the One River School's assets.
l. Franchisor's approval of transfer by franchisee	Section 18.2; Section 9 of Rider	You may not transfer your interest in any of the items listed in (k) above without our prior written consent. Under the Rider, your development rights are not assignable at all.
m. Conditions for franchisor's approval of transfer	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the financial and other terms of transfer are reasonable and not overly burdensome on the transferee; the transferee does not and will not operate too many locations in our judgment; the transferee and all persons owning any interest in the transferee sign the then-current Franchise Agreement; you provide us a copy of all contracts and agreements related to

Provision	Section in Franchise or Other Agreement	Summary
		the transfer; the transferee has paid us a nonrefundable transfer fee in an amount equal to thirty-three percent (33%) of the amount that we then charges as an Initial Franchise Fee for a new franchise; the transferee or the owners of transferee agreed to be personally bound by all provisions of the Franchise Agreement; you agreed to guarantee performance by the transferee; you guarantee the transferee will maintain or grow sales and revenues; the transferee obtained all necessary consents and approvals of third parties; you or all of your equity owners signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; the transferee agrees to furnish evidence that it has obtained any required state and local certifications and licenses and has complied with all state and local licensing laws and regulations; the transferee agreed that its Operating Principal and Director of School will complete the initial training program before assuming management of the One River School; and the transferee obtained all necessary insurance.
n. Franchisor's right of first refusal to acquire franchisee's One River School	Section 19	We may match an offer for your One River School or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's One River School	Section 17.4	During the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the One River School for fair market value.
p. Death or disability of franchisee	Section 18.6	Following the death or incapacity of an owner of the One River School or the death or incapacity of any holder of a legal or beneficial interest in the One River School, including the Operating Principal, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the One River School within 180 days of death or incapacity or we may terminate the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7.3	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or student of the One River School to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For 2 years after the termination, expiration, or transfer of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within 30 miles of the franchise location or within the area of primary responsibility (whichever is greater), or within 30 miles of any other One River School; or soliciting or influencing any of our students to compete with us or terminate their relationship with us.
s. Modification of the agreement	Sections 9.2, 23.7 and 23.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Brand Standards Manual without your consent.
t. Integration/merger clause	Section 23.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Section 24.7	Except for claims relating to the Marks, confidential information, trade secrets and covenants not to compete, and subject to state law, all disputes must be arbitrated within 20 miles of Englewood, New Jersey. The Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Sections 24.4, 24.5, and 24.6.

Provision	Section in Franchise or Other Agreement	Summary
v. Choice of forum	Section 24.2	Subject to applicable state law, any litigation must be pursued in courts located in Bergen County, New Jersey.
w. Choice of law	Section 24.1	Subject to applicable state law, New Jersey law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States and except for the provisions relating to non-competition, which are governed by local law where the breach occurs.

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Background

This Item sets forth certain historical sales and inquiry information for our (i) our thirteen (13) affiliate-owned Schools (each, a "Affiliate-Owned School") and two (2) franchisee-owned Schools (each, a "Franchised School") that were (i) open and operating for the entirety of the period of time from January 1, 2023 through December 31, 2023 (the "2023 Measurement Period") (ii) our twelve (12) Affiliate-Owned Schools and three (3) Franchised Schools that were open and operating for the entirety of the period of time from January 1, 2024 through December 31, 2024 (the "2024 Measurement Period"), and (iii) our thirteen (13) Affiliate-Owned Schools and two (2) Franchised Schools that were open and operating for the entirety of the period of time from January 1, 2025 through December 31, 2025 (the "2025 Measurement Period" and with the 2023 Measurement Period and 2024 Measurement Period, collectively, the "Measurement Period"). For purposes of this Item 19, the Affiliate-Owned Schools and Franchised Schools shall be collectively referred to as the "Representative Schools" and individually referred to as a "Representative School".

This Item sets forth gross sales information and inquiry information for the Representative Schools during the Measurement Period. The Affiliate-Owned Schools are all within 100 miles of New York City, New York. All Affiliate-Owned Schools are substantially similar to the franchise offered under this Disclosure Document in terms of square footage, operations, services offered, cost of services and computer software except the material financial and operational characteristics that make the Affiliate-Owned Schools different from Franchised Schools are that they are not limited by any territorial advertising restriction and are not required to pay royalty fees to us.

The information and data for this Item is derived from the financial statements submitted by the Affiliate-Owned Schools and the Franchised Schools and from our software system. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

GROSS SALES DURING MEASUREMENT PERIOD

	Gross Sales		
Affiliate-Owned Schools	**2025**	**2024**	**2023**
Affiliate-Owned School 1	$1,297,713	$1,238,897	$1,282,871
Affiliate-Owned School 2	$1,260,303	$1,264,446	$1,320,943
Affiliate-Owned School 3	$987,525	$862,525	$908,190
Affiliate-Owned School 4	$1,122,420	$1,019,512	$933,896
Affiliate-Owned School 5	$1,056,367	$957,439	$934,695
Affiliate-Owned School 6	$959,284	$758,430	$782,919
Affiliate-Owned School 7	$814,892	$792,945	$871,266
Affiliate-Owned School 8	$766,672	$673,008	$655,685
Affiliate-Owned School 9	$585,883	-	-
Affiliate-Owned School 10	$640,367	$628,024	$734,055
Affiliate-Owned School 11	$509,824	$426,210	$31,319
Affiliate-Owned School 12	$409,909	$318,361	$363,825
Average of Affiliate-Owned Schools	**$887,088**	**$792,945**	**$871,266**
Median of Affiliate-Owned Schools	**$867,597**	**$812,709**	**$801,788**

Franchised Schools	**2025**	**2024**	**2023**
Franchised School 1	$630,340	$616,481	$617,262
Franchised School 2	$744,112	$707,785	$549,012
Affiliate-Owned School 9 (previously Franchise Owned until 2024 and then changed ownership to Affiliate-Owned School in late 2024)	-	$517,813	$562,218
Affiliate-Owned School 13 (previously Franchise Owned until 2025 and then changed ownership to Affiliate-Owned School in late 2025)	$574,069	$520,491	$481,665

Average of Franchised Schools	**$649,507**	**$590,643**	**$552,539**
Median of Franchised Schools	**$630,340**	**$568,486**	**$555,615**

Consolidated: Affiliate-Owned Schools and Franchised Schools	**2025**	**2024**	**2023**
Average	**$823,979**	**$753,491**	**$735,321**
Median	**$766,672**	**$707,785**	**$734,055**

Net Operating Income			
Affiliate-Owned Schools	**2025**	**2024**	**2023**
Affiliate-Owned School 1	$499,748	$510,063	$494,167
Affiliate-Owned School 2	$465,290	$504,412	$546,279
Affiliate-Owned School 3	$386,520	$285,139	$278,975
Affiliate-Owned School 4	$359,530	$318,571	$147,884
Affiliate-Owned School 5	$294,682	$261,679	$222,032
Affiliate-Owned School 6	$276,218	$195,968	$199,404
Affiliate-Owned School 7	$168,452	$180,698	$251,994
Affiliate-Owned School 8	$122,205	$90,091	$119,019
Affiliate-Owned School 9	$87,227	-	-
Affiliate-Owned School 10	$76,614	$74,196	$162,418
Affiliate-Owned School 11	-$10,265	-$50,293	-
Affiliate-Owned School 12	-$82,645	-$135,235	-$53,143
Average of Affiliate-Owned Schools	**$222,335**	**$195,968**	**$210,718**
Median of Affiliate-Owned Schools	**$220,298**	**$203,208**	**$236,903**

Franchised Schools	**2025**	**2024**	**2023**
Franchised School 1	$73,169	$29,382	$49,226
Franchised School 2	$8,613	$28,724	-$106,650
Affiliate-Owned School 9 (previously Franchise Owned until 2024 and then changed ownership	-	-$18,349	$18,591.32

to Affiliate-Owned School in late 2024)			
Affiliate-Owned School 13 (previously Franchise Owned until 2025 and then changed ownership to Affiliate-Owned School in late 2025)	$65,271	-$177,056	-$199,361
Average of Franchised Schools	**$49,018**	**-$34,325**	**-$59,548**
Median of Franchised Schools	**$65,271**	**$5,188**	**-$44,029**

Consolidated: Affiliate-Owned Schools and Franchised Schools	**2025**	**2024**	**2023**
Average	**$186,042**	**$139,866**	**$152,203**
Median	**$122,205**	**$90,091**	**$155,151**

Notes:

1. "Gross Sales" is defined as all sales, less discounts, earned by each Representative School including tuition from classes and summer camps, art sales, merchandise sales and all other sales during the Measurement Period.

2. "Operating Income" is defined as profit after deducting all operating expenses such as wages, cost of goods sold and depreciation.

3. "Average" is defined as the sum of the Gross Sales or Operating Income divided by the number of Affiliate-Owned Schools or Franchised Schools.

4. "Median" is defined as the center of all Gross Sales or Operating Income data points used.

5. **Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.**

6. We do not include in the representations above any costs or expenses of the Representative Schools.

7. Other than the preceding financial performance representation, One River School Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Matthew Ross at 49 North Dean Street, Englewood, New Jersey 07631, (201) 266-5244, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 Systemwide Outlet Summary For years 2023 to 2025				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2023	4	4	0
	2024	4	3	-1
	2025	3	2	-1
Company-Owned	2023	10	11	+1
	2024	11	12	+1
	2025	12	13	+1
Total Outlets	2023	14	15	+1
	2024	15	15	0
	2025	15	15	0

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For years 2023 to 2025		
State	**Year**	**Number of Transfers**
Texas	2023	0
	2024	0
	2025	1
Totals	2023	0
	2024	0
	2025	1

Table No. 3 Status of Franchised Outlets For years 2023 to 2025								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Illinois	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	1	0	0
	2025	0	0	0	0	0	0	0
New York	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	1	0	0
Oregon	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Table No. 3 Status of Franchised Outlets For years 2023 to 2025								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations – Other Reasons**	**Outlets at End of the Year**
Totals	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	1	0	3
	2025	3	0	0	0	1	0	2

Table No. 4 Status of Company-Owned Outlets For years 2023 to 2025							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of the Year**
Connecticut	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Illinois	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
	2025	1	0	0	0	0	1
New Jersey	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
	2025	6	0	0	0	0	6
New York	2023	3	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	1	0	0	5
Totals	2023	10	1	0	0	0	11
	2024	11	0	1	0	0	12
	2025	12	0	1	0	0	13

Table No. 5 Projected Openings As Of December 31, 2025			
State	**Franchise Agreements Signed But Outlets Not Yet Opened**	**Projected New Franchised Outlets In The Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Florida	0	2	0
New Jersey	0	1	1
New York	0	2	1
Texas	0	3	0
Virginia	0	2	0
Totals	0	10	2

The names, addresses and telephone numbers of all of our Schools, including our franchisees and their Schools, as of December 31, 2025 are attached as Exhibit F.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had a Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has left the system during the most recently completed fiscal year, or has not communicated with us within 10 weeks of date of disclosure document is listed on Exhibit G.

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

As of December 31, 2025, we have no current or former franchisees who have signed agreements during the last three fiscal years restricting their ability to speak openly to you about their experience with the One River School franchise system.

As of December 31, 2025, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document and there are no franchisee organizations sponsored or endorsed by us.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E is our audited financial statements dated February 13, 2026 for year end December 31, 2025 and December 31, 2024, and our audited financial statements dated May 20, 2025 for year end December 31, 2024 and December 31, 2023. Our fiscal year end is December 31 of each year.

ITEM 22. CONTRACTS

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

1. Franchise Agreement (with exhibits) (Exhibit C)
2. Development Rights Rider (with exhibits)

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

ITEM 23. RECEIPTS

Our copy and your copy of the Disclosure Document Receipts are located on the last two (2) pages of this Disclosure Document as Exhibit K.

EXHIBIT A

TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises for these states. We may register in one or more of these states.

California California Department of Financial Protection and Innovation 320 West 4th St., Suite 750 Los Angeles, CA 90013-2344 (213) 736-2741 Toll Free: 1-866-275-2677	**Michigan** Consumer Protection Division Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117	**South Dakota** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
Connecticut Department of Banking, Securities Investment Division 260 Constitution Plaza Hartford, CT 06103	**Minnesota** Minnesota Dept. of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 (651) 296-4026	**Texas** Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887
Florida Florida Department of Agriculture And Consumer Services 407 S. Calhoun Street Tallahassee, FL 32399-6700	**New York** New York Department of Law, Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	**Utah** Department of Commerce 160 East 300 South SM Box 146704 Salt Lake City, UT 84114-6704
Hawaii Business Registration Div. Dept. of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**Nebraska** Department of Banking and Finance 1230 "0" Street Suite 400 PD. Box 95006 Lincoln, NE 68509-5009	**Virginia** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
Illinois Chief, Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62707 (217) 782-4465	**North Dakota** North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910	**Washington** Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (106) 753-6928
Indiana Deputy Commissioner, Franchise Division Indiana Securities Commission Secretary of State 302 W. Washington St, Room E-111 Indianapolis, IN 46204 (317) 232-6681	**Oregon** Department of Insurance & Finance Corporate Securities and Franchise Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	**Wisconsin** Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53701 (608) 266-8559

Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, MD 21202-2020 (410) 576-6360	**Rhode Island** Chief Securities Examiner Department of Business Regulation Securities Division Franchise Section 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 277-3048	

EXHIBIT B
TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

CALIFORNIA California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**RHODE ISLAND** Director of Depart. of Business Regulation Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232 (401) 277-3048
CONNECTICUT Connecticut Department of Banking, Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103	**MICHIGAN** Dept. of Commerce, Corp'ns & Securities Bur. 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48910 (517) 373-7117	**SOUTH DAKOTA** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
HAWAII Comm'r Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**MINNESOTA** Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101 (612) 296-4026	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**NEW YORK** New York Secretary of State 99 Washington Avenue Albany, New York 12231	**WASHINGTON** Director of Depart. of Financial Institutions 150 Israel Road, S. W. Tumwater, Washington 98501 (360) 902-8760
INDIANA Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	**NORTH DAKOTA** North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910	**WISCONSIN** Commissioner of Securities 345 West Washington Avenue Fourth Floor Madison, Wisconsin 53703 (608) 261-9555

EXHIBIT C
TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

ONE RIVER SCHOOL

FRANCHISE AGREEMENT

Franchisee: ____________________________

Franchise No. _______

Location: _______________________________

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ONE RIVER SCHOOL FRANCHISING, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (together with all appendices, schedules, exhibits, and ancillary agreements signed in connection with the grant of the Franchise defined below and described herein, collectively referred to as the "Agreement") made this ___ day of ________, 20__, is by and between One River School Franchising, LLC, a New Jersey limited liability company, having its principal place of business at 49 North Dean Street, Englewood, New Jersey 07631 ("Franchisor," "We," or "Us"), and the business entity or individual and Owners set forth on the signature page to this Agreement and the Data Sheet set forth on Exhibit 2 ("you" or "your") (collectively, you and we are referred to as the "parties" and individually sometimes referred to as a "party") for the purpose of granting you the rights necessary to operate a One River School.

WITNESSETH:

WHEREAS, Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the "One River" Mark relating to the establishment and operation of an innovative art and design school featuring a proprietary creative education program for students of all ages, referred to as "One River School;" and

WHEREAS, in addition to the service mark "One River" and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising, and promotion; a distinctive art education program and curriculum; the sale of art supplies; training in art gallery management; customer service and development techniques; distinctive interior and exterior design, layout, and décor; other strategies, techniques, and Trade Secrets and other Confidential Information; and the Confidential Brand Standards Manual; and

WHEREAS, Franchisor is licensed by an affiliated company to use and grant licenses to use the One River Mark and other intellectual property associated with the System and Franchisor grants to qualified persons and business entities the right to own and operate a One River School using the System and the Marks; and

WHEREAS, Franchisee desires to operate a One River School, has applied for the Franchise, and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service, and the necessity of operating the One River School in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"<u>Affiliate</u>" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"<u>Approved Location</u>" means the site for the operation of the One River School selected by Franchisee and approved in writing by Franchisor;

"<u>Approved Supplier(s)</u>" has the meaning given to such term in <u>Section 13.1</u>;

"<u>Competitive Business</u>" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) art education and/or digital media education the same as or similar to those provided by One River Schools or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate, or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"<u>Confidential Information</u>" means technical and non-technical information used in or related to One River Schools and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"<u>Confidential Brand Standards Manual</u>" means the One River School Confidential Brand Standards Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified, or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration, and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda, and other publications prepared by, or on behalf of, Franchisor;

"<u>Cooperative Advertising</u>" means the combined advertising program of two (2) or more franchisees established within a common market that Franchisor may require for One River Schools within a particular region;

"<u>Protected Area</u>" has the meaning given to such term in <u>Sections 2.5</u> and <u>2.6</u>;

"**Director of School**" means the individual designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the One River School. If Franchisee is a legal business entity (such as a corporation, limited liability company or other legal business entity), Franchisor may, in its sole discretion, require that the Director of School hold a legal and equitable interest in, or a beneficial interest in, Franchisee, and if Franchisee is an individual and not a business entity, Franchisor may, in its sole discretion, require that the Director of School is Franchisee;

"**Effective Date**" means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

"**Electronic Depository Transfer Account**" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

"**Franchise**" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"**Franchise Fee**" has the meaning given to such term in Section 3.1;

"**Franchisor Indemnitees**" has the meaning given to such term in Section 21.3;

"**GAAP**" means the generally accepted accounting principles, standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of the financial statements;

"**Grand Opening Advertising**" has the meaning given to such term in Section 11.1;

"**Gross Sales**" means the aggregate of all revenue from the sale of services and products from all sources in connection with the One River School (whether on or off the premises of the One River School), whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the value of any allowance issued or granted to any student of the One River School that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the One River School, and (c) any rebate received by Franchisee from a manufacturer or supplier. All proceeds from the sale of coupons, gift certificates or vouchers will also be included in Gross Sales, but when these coupons, gift cards, gift certificates or vouchers are redeemed, the retail price may be credited against Gross Sales during the week in which the coupon, gift cards, gift certificate or voucher is redeemed. If sales proceeds are not recorded and reported for royalty purposes at the time a coupon, gift certificate, or voucher is sold, or if coupons, gift cards, gift certificates, or vouchers are distributed free of charge, no credit against Gross Sales is permitted upon redemption of the coupon, gift card, gift certificate, or voucher.

"**Gross Sales Reports**" has the meaning given to such term in Section 12.2;

"**Incapacity**" means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the One River School on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency, or other limitation;

"**Internet**" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

"**Local Advertising**" has the meaning given to such term in Section 11.2;

"**Marketing Fund**" has the meaning given to such term in Section 11.3;

"**Marketing Fund Contribution**" has the meaning given to such term in Section 11.3;

"**Marks**" means the service marks "One River®," "Art Shuffle," "Art Focus," and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols, which are owned by Franchisor and/or are owned by an Affiliate and licensed to Franchisor, or otherwise licensed to Franchisor, as Franchisor may designate to be used in connection with One River Schools;

"**Operating Principal**" means a person that owns at least fifty one percent (51%) of the equity and voting interests of the legal entity which owns the One River School and at least a fifty one percent (51%) right to the One River School's profits as the operating principal, who (i) will be responsible for the One River School and all decisions related thereto, (ii) shall be granted the authority to bind Franchisee in any dealings with Franchisor and its affiliates, and (iii) shall direct any action necessary to ensure compliance with this Agreement and any other agreements relating to One River School.

"**Royalty Fee**" has the meaning given to such term in Section 3.2;

"**Site Evaluation Fee**" has the meaning given to such term in Section 3.8;

"**System**" means the uniform standards, methods, procedures, products, services, techniques, and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor for the operation of One River Schools; and

"**Trade Secrets**" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in One River Schools that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE; APPROVED LOCATION; PROTECTED AREA

2.1 Grant

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee undertakes the obligations and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) One River School using the System and Marks only at the Approved Location, subject to the terms, conditions and obligations of this Agreement.

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location is attached as Exhibit 2.

2.3 Approved Location Not Determined

If the Approved Location of the One River School is not determined as of the Effective Date, then the geographic area in which the One River School is to be located shall be within the geographic area described on Exhibit 2 ("Designated Area"). Franchisee shall select and submit possible sites within the Designated Area for Franchisor's evaluation in accordance with Section 5.1. Franchisor shall have the right to require Franchisee to use the services of a real estate broker who is an Approved Supplier to assist in locating possible sites at Franchisee's sole expense. When the Approved Location is determined, its address shall be inserted onto Exhibit 2, Exhibit 2 shall be initialed and dated by Franchisee and Franchisor. The failure to insert such address into Exhibit 2, shall not automatically affect the enforceability of this Agreement.

2.4 Sub-franchising/Agents

Franchisee shall not sublicense, assign or transfer its rights under this Agreement to the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.5 Protected Area

Franchisee shall receive a territory called the "Protected Area" to be mutually agreed upon by Franchisor and Franchisee and set forth on the Protected Area Addendum attached to this Agreement as Exhibit 6. Franchisee will operate the One River School within the Protected Area and shall limit all direct marketing, advertising, and business activities within such area, as stated in Section 2.8. As long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not limit or alter the boundaries of Franchisee's Protected Area and shall not locate another school in the Protected Area under the Marks. Franchisee's rights in the Protected Area are subject to Franchisor's rights articulated in Section 2.7.

2.6 Map and Description of Protected Area

If the Approved Location is determined upon execution of this Agreement, then the Protected Area will be determined upon signing. Otherwise, within 30 days of obtaining the lease to your One River School, you will be required to sign the Protected Area Addendum, attached hereto as Exhibit 6. The map of the Protected Area is attached as part of Exhibit 6.

2.7 Franchisor's Rights

The rights under this Agreement include only the right to offer products and services from a One River School at the Approved Location. Franchisee acknowledges that Franchisor expressly retains all rights and discretion with respect to the Marks and System, including, without limitation, the exclusive right to:

2.7.1 establish, own, or operate, and license others to establish, own, or operate, One River Schools outside of the Protected Area as Franchisor deems appropriate;

2.7.2 establish, own, or operate, and license others to establish, own, or operate, other businesses under other systems using other trademarks at locations inside and outside of the Protected Area as Franchisor deems appropriate, without providing any rights to Franchisee and locate such businesses in the Protected Area;

2.7.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the One River School (and/or acquire franchise, license, and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Protected Area. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Protected Area which are not franchised or licensed, Franchisor may, in its sole discretion, offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a One River School;

2.7.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises, and/or licenses Competitive Businesses within the Protected Area;

2.7.5 exclusively provide the services and sell the products authorized for One River Schools using the Marks or other trademarks, service marks, and commercial symbols through any alternate channel of distribution inside and outside the Protected Area (including Internet sales, distance learning, webinars, online courses and tutorials, catalog sales, delivery of services and/or products at a student's home or place of business, or at a school, education center or community center) on such terms and conditions as Franchisor deems appropriate with no compensation to Franchisee;

2.7.6 within the Protected Area, without Franchisee's consent, and without compensation to Franchisee, another One River School on the premises of any "Reserved Venue."

Reserved Venues include, without limitation: (i) any self-contained facility (such as a shopping mall, military base, state or national park, stadium, airport, convention center, zoo, community center, YMCA, Boys & Girls Club, Native American reservation, corporate campus or facility, amusement or theme park, fairground, school or university campus or campus facility, museum, library, art gallery, cultural center, place of worship, summer camp, daycare or childcare facility, after-school program facility, or other educational, recreational, or entertainment facility); (ii) any similar captive market locations within and outside the Protected Area; as well as (iii) special events like street fairs, parades, arts and crafts fairs, community art walks, children's festivals, school fundraisers, art exhibitions, holiday markets, cultural festivals, trade shows, educational expos, and similar occasions. Franchisee understands and acknowledges that if a Reserved Venue is located within the physical boundaries of the Designated Area or Protected Area, then the premises of such Reserved Venue will not be included in the Designated Area or Protected Area and Franchisee will have no rights with respect to such Reserved Venue. Franchisor, its affiliates or a licensee or franchisee of the Franchisor, may operate a Franchised Business or otherwise offer Franchisor-branded art classes, workshops, camps, or related programs in any Reserved Venue on a temporary, seasonal or permanent basis;

2.7.7 communicate with students of the One River School via any form of communication and for any reason; and

2.7.8 engage in any activities not expressly forbidden by this Agreement.

2.8 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit students whose principal residence or school (or principal business office, if the customer is a business entity) is within the Protected Area of another franchisee. Except as part of Cooperative Advertising implemented pursuant to Section 11.4, Franchisee shall not advertise in any media whose primary circulation is within the Protected Area of another franchisee. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other One River Schools, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

2.9 Alternative Products and Services

Franchisee acknowledges and understands that Franchisor or its affiliates may develop, create, offer or launch new concepts, products or brands, directly or indirectly through distribution, licensing, franchising or other business models, which may be competitive or complementary to the Products and Services offered by your One River School. You understand this Agreement does not grant you any rights to offer the new products, services, or service lines described in this Section or share in any of the revenue or proceeds generated from such sales.

2.10 Limited Product Line and Qualification Program Requirements

Franchisor reserves the right to establish or launch one or more certification or qualification requirements through which our franchisees may be authorized to provide additional services or products, including dual-branded concepts, which we may designate in connection with the System

("Qualification Program(s)"). We may condition a franchisee's participation in any Qualification Program on meeting certain standards, terms and requirements. Participation in a Qualification Program may require (1) additional purchase of software, equipment, inventory or supplies; (2) training for your personnel; (3) additional marketing requirements; and (4) other conditions, all of which you must meet at your own expense. This Section does not constitute a right of first refusal for any additional franchise programs, which we or our affiliates may now or in the future create.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor, as defined under the Data Sheet attached hereto as Exhibit 2, in the amount of $45,000 for the right to operate a single One River School. The Initial Franchise Fee is payable in one (1) full lump sum by cash, certified check, or wire transfer upon the execution of this Agreement. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting, and other professional fees.

3.2 Monthly Royalty Fee

For so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit, or deduction of any nature, a monthly fee ("Royalty Fee") equal to nine percent (9%) of Gross Sales by the fifth (5^{th}) day of each month for the month just ended. Each monthly Royalty Fee shall accompany a Gross Sales Report, as required by Section 12.2, for the same period. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.4, such reports shall instead be submitted to Franchisor via facsimile transmission, e-mail, or intranet system. Franchisor reserves the right to change the frequency with which the Royalty Fees is paid, in Franchisor sole discretion, upon written notice. Royalty Fees will not be refundable under any circumstances.

3.3 Taxes

3.3.1 Franchisee shall promptly pay when due all taxes, duties, and/or fees levied or assessed (including, without limitation, gross receipts taxes, franchise taxes, sales taxes, withholding taxes, value added taxes, and/or any similar taxes or fees) and all accounts and other indebtedness of every kind incurred by Franchisee under this Franchise Agreement (collectively, "Taxes"). In the event of any bona fide dispute as to Franchisee's liability for Taxes, Franchisee may contest the validity or the amount of such Taxes in accordance with procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against this Agreement, the One River School, and/or Approved Location (or any improvements thereon).

3.3.2 All payments made by Franchisee to Franchisor under this Agreement shall be paid in U.S. dollars and shall be grossed-up and paid by Franchisee to Franchisor without any retention, deduction, credit, and/or offset for any Taxes – except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 1 above. Franchisee shall, at its sole cost, pay directly to the appropriate taxing authority any and all Taxes on any amounts paid by Franchisee under this Franchise Agreement or otherwise imposed on Franchisor by any taxing authority in the Territory.

3.3.3 It is the parties' intention that all payments by Franchisee to Franchisor hereunder shall be grossed-up (and without any retention, deduction, credit, and/or offset) for any Taxes in order for Franchisor to receive the entire Franchise Fee, Royalty Fee, Marketing Fund Contribution, and/or other amounts due to Franchisor under this Franchise Agreement without any retention, deduction, credit, and/or offset for any Taxes (except any deduction and/or credit expressly permitted under the definition of Gross Sales in Section 1 above).

3.3.4 Any Taxes imposed upon or with respect to this Agreement or any materials, supplies, or specifications acquired by or provided to Franchisee pursuant to or in connection with this Franchise Agreement shall be paid by Franchisee.

3.3.5 In the event Franchisor is required under applicable law or otherwise elects (all as determined by Franchisor in its sole discretion) to pay any Taxes to the appropriate taxing authority(ies) in the Protected Area arising out of this Agreement, then Franchisee shall immediately pay to Franchisor an amount equal to any amount(s) so paid by Franchisor to such taxing authority(ies).

3.4 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make monthly deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

3.5 Interest on Overdue Amounts

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor, and other amounts that are not received by Franchisor within five (5) days after the due date, shall incur interest at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions, or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee. Any acceptance by Franchisor of any payments, by or on behalf of Franchisee, after the due date or any commitment by Franchisor to delay receipt of funds owed shall not in any way limit, diminish or otherwise affect the rights of Franchisor hereunder.

3.6 Insufficient Funds Fees

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to fifty dollars ($50) per violation. This fee is in addition to late fees and interest on any overdue amount, as described in Section 3.5 above, and any fees charged by your bank.

3.7 Reimbursement

To protect the reputation and goodwill of the brand, we may (but are never obligated to) pay on your behalf any amount that you owe to an Approved Supplier, or other third party. If we do so, then you shall reimbursement us such amount plus an additional ten percent (10%) of the amount as an administrative charge within fifteen (15) days' of invoice by us accompanied by reasonable documentation evidencing payment.

3.8 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor, or any other amount owed to Franchisor in any proportion or priority.

3.9 No Right to Set-Off

Franchisee shall not, on grounds of the alleged nonperformance or default by us of any of Franchisor's obligations under this Agreement, withhold payment of any fee or other amount payable to Franchisor under this Agreement or otherwise. Notwithstanding any designation Franchisee may make, Franchisor has the right to apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Renewal Terms

Subject to the conditions below, if we are still offering and selling One River School franchises and operating the System at the expiration of your initial term, then Franchisee has the right to obtain a renewal franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a renewal franchise is limited to two (2) successive terms of ten (10) years each, such that the total potential term of the Franchise with all renewals shall not exceed thirty (30) years. To qualify for a renewal franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

4.2.2 Franchisee has access to and, for the duration of the term of the renewal franchise, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the One River School reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.5 Franchisee is not in default of any material provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.6 Franchisee has given written notice of its intent to operate a renewal franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

4.2.7 Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.8 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training and certification requirements;

4.2.9 Franchisee shall pay to Franchisor a renewal fee in an amount equal to thirty-three percent (33%) of the amount that, at the time of renewal, Franchisor charges as an initial franchise fee for a new franchise; and

4.2.10 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the One River School is located.

Upon your notice to us that you desire to renew your Franchise within the time period prescribed in Section 4.2 above, we, in turn, shall provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used in granting new One River School franchises. You must execute and return to us, together with payment of a renewal fee no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement. Further, if you fail or refuse to make the required modifications or undergo any refresher training or otherwise meet any conditions set forth above, then we shall have the right to terminate any renewal agreement.

4.3 Extension of Term

If you do not renew pursuant to the terms of Section 4.2 of this Agreement upon the expiration of the Initial Term or Renewal Term and continue to accept the benefits of this Agreement, then, at our option, this Agreement may be treated as: (i) expired as of the date of the Initial Term's or Renewal Term's, as applicable, expiration, which will result in your operating the Franchise without a license in violation of our rights; or (ii) continued on a month-to-month basis until we provide you with notice of our intent to terminate the month-to-month term. In the latter case, all of your obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon you upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

4.4 Refusal to Renew Franchise Agreement

We can refuse to renew your Franchise if your lease, sublease or other document by which you have the right to occupy the Location is not extended before your Renewal Term is to take effect to cover the period of such Renewal Term or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the Renewal Term. We may also refuse to renew your Franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us, our affiliates or our Approved Suppliers, when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

4.5 Renewal Under Law

Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, your Renewal Term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the Renewal Term begins. If we are not then offering new Franchises, your Renewal Term will be subject to the terms in the then-current franchise agreement that we indicate. If for any reason that is not allowed, the Renewal Term will be governed by the terms of this Agreement.

4.6 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the renewal franchise documents required by us, together with payment of the renewal fee outlined above and fulfillment of the renewal conditions outlined in Section 4.2, if you provide written notice to us within the final sixty (60) days of the Initial Term indicating that you do not wish to renew this Agreement or any renewal franchise agreement or you fail to provide notice of your intention to renew in accordance with Section 4.2.6 of this Agreement.

5. APPROVED LOCATION

5.1 Selection of Site

Franchisee is responsible for finding and obtaining a suitable site at which to develop and operate the One River School. If an Approved Location for the One River School has not been determined as of the Effective Date, Franchisee shall promptly select a site for the One River School and shall notify Franchisor of such selection. Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually ten (10) days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the One River School. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, visibility, signage, the condition of the premises, demographics of the surrounding area, proximity to other One River Schools, proximity to Competitive Businesses, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking, and overall suitability. Franchisee shall not locate the One River School on a selected site without the prior written approval of Franchisor. ***Franchisor does not represent that it, or any of its Affiliates, owners, employees, or agents, have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the One River School will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location. Franchisor shall have no liability for the failure of the One River School based, directly or indirectly, upon Franchisor's assistance or approval hereunder.***

5.2 Failure to Select Site

Should Franchisee fail to select a site for the One River School, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement.

5.3 Lease of Approved Location

In the event that Franchisee plans to enter into any type of lease for the One River School premises, Franchisee and its landlord must sign the Lease Addendum attached hereto as Exhibit 9. We recommend that you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires Franchisor to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and Lease Addendum within five (5) days of its execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate, and enter into the lease for the One River School premises.

You must execute, and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your One River School within 365 days from the date of execution of this Agreement. If you fail to execute a lease for an Approved Location within 120 days after the date of execution of this Agreement, we will have the right to terminate this Agreement.

5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of a One River School, including specifications for the exterior and interior design and layout, fixtures, equipment, décor, and signs. Such specifications are subject to alteration as Franchisor deems necessary. Franchisor shall not be liable for failure of the One River School based, directly or indirectly, upon the specifications provided to Franchisee by Franchisor hereunder. Franchisee shall cause the Approved Location to be developed, equipped, and improved in accordance with specifications within one hundred twenty (120) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

5.4.1 employ an approved competent licensed architect, engineer, or general contractor to prepare, for Franchisor's approval, preliminary specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor;

5.4.2 obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

5.4.3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the One River School and certify in writing and provide evidence to Franchisor that all such permits and licenses have been obtained;

5.4.4 employ a qualified, licensed general contractor approved by Franchisor to complete construction of all required improvements to the Approved Location;

5.4.5 purchase any supplies or inventory necessary for the operation of the One River School;

5.4.6 purchase or lease and install all equipment, signs, educational tools, furniture and fixtures, including any computer equipment and surveillance camera system required by Franchisor for the operation of the One River School; and

5.4.7 establish broadband or high-speed Internet access and obtain at least two (2) dedicated telephone lines solely dedicated to the One River School.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location for the One River School within two hundred seventy (270) days after the Effective Date, Franchisor has the right to terminate this Agreement.

5.6 Opening

5.6.1 Before opening the One River School and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

5.6.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.3 complete initial training to the satisfaction of Franchisor;

5.6.1.4 furnish Franchisor with evidence that it has fully complied with all state and local licensing laws and regulations as may be applicable;

5.6.1.5 if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.6.1.6 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's sole determination that Franchisee is ready to open and satisfactorily prepared to operate in accordance with the terms of this Agreement; and

5.6.1.7 pay in full all amounts due to Franchisor.

5.6.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the One River School within two hundred seventy (270) days after the Effective Date. Time is of the essence.

5.7 Failure to Open

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Approved Location. Prior to beginning the construction of the One River School, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the One River School, and (ii) provide us copies of all minimum required insurance coverage evidencing it is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Should Franchisee fail to commence operations of the Approved Location for the One River School within two hundred seventy (270) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.7, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the One River School and shall not be construed as nor considered to be a penalty. Franchisor's retention of the Franchise Fee (or any part thereof) hereunder, shall be in addition to any other rights of the Franchisor at law or in equity.

5.8 Use of Approved Location

After opening, Franchisee shall continuously operate the One River School at the Approved Location, always using Franchisee's best efforts to deliver quality service and maintain and grow the business, all according to the System. Franchisee shall not use the Approved Location for any purpose other than for the operation of a One River School in full compliance with this Agreement and the Confidential Brand Standards Manual, unless approved in writing by Franchisor.

5.9 Relocation

Unless otherwise provided herein, Franchisee shall not relocate the One River School without the prior written consent of Franchisor, which may not be unreasonably withheld. If the lease for the Approved Location expires or terminates through no fault of Franchisee or if the One River School's premises is destroyed, condemned, or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the One River School. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.7. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. As a condition for our approval of a relocation request, at our election, we may require that you sign our then current Franchise Agreement. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1. Franchisor shall have no liability for failure of the One River School based, directly or indirectly, upon Franchisor's approval of location hereunder.

5.10 Remodeling

In addition to any remodeling required by us upon the renewal or assignment of the Franchise, you shall, upon written notice from us and at your sole cost and expense, remodel and make improvements and alterations in and to the School and/or other items used in your Franchise as reasonably determined by us, from time to time, to be necessary to reflect our then-current specifications, standards, format, layout, image, and appearance.

6. PROPRIETARY MARKS

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive, and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications, and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. As between Franchisor and Franchisee, any goodwill created by Franchisee's use of the Marks and operation of a One River School shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title, or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a One River School. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the One River School is an "Independently Owned and Operated One River School" owned by Franchisee.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the One River School, Franchisor and its designees have the right to enter and inspect the One River School and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents, and related data to ensure that Franchisee is operating the One River School in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies, or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the One River School and to interview and survey (whether in person or by mail) students and employees and to photograph or videotape the operations.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "One River" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all right, title, and interest in and to such domain names as Franchisor shall designate in the Confidential Brand Standards Manual.

6.8 Franchisee Name.

Franchisee may not use the words "One River School" or any derivation thereof, in its legal entity's name. Franchisee shall hold itself out to the public as an independent contractor operating an One River School Franchise. Whenever practical, Franchisee shall clearly indicate on its business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, website, Social Media Platforms, and other written materials that Franchisee is a franchisee. Franchisee shall file for a certificate of assumed name (d/b/a) in the manner required by applicable state and/or law to notify the public that Franchisee is operating as an independent business pursuant to this Agreement. Prior to adoption of Franchisee's corporate and assumed name (if any), Franchisee shall obtain the written approval of such name(s) from Franchisor.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Brand Standards Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the One River School and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee and all holders of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and all officers, directors, executives, managers, and members of the professional staff of Franchisee, and all employees and independent contractors of Franchisee who have access to Trade Secrets or other Confidential Information: (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, independent contractors, agents, and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, business ventures, concepts, inventions, techniques, processes, designs, or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, including but not limited to the existing student list, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title, and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" as the phrase is defined in the Copyright Act of 1976 (17 U.S.C. 101 et. seq.) for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among One River School franchisees if owners of One River Schools and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager, or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company, or other business entity, shall:

7.3.1 Divert or attempt to divert any business or student of the One River School to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business which is located within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor has used, sought registration of, or registered the Marks or similar marks, or operates or licenses others to operate a business under the Marks or similar marks.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households) including the Operating Principal, and any officer, director, executive, manager, or member of the professional staff, and all employees and independent contractors of Franchisee who have access to Trade Secrets or other Confidential Information, to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 3, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System, and the Marks, and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable, or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to Franchisee (if an individual) or Franchisee's Operating Principal (if an entity), the Director of School (which can be the Operating Principal), the Director of Education and the Assistant Director of Member Services. The Franchisor does not charge tuition or similar fees for up to three persons to attend the initial training program. Approximately four (4) weeks but not more than sixteen (16) weeks prior to the opening of the One River School, the Operating Principal, the Director of School, the Director of Education and Assistant Director of Member Services must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the One River School including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; educational process; curriculum execution; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor shall conduct the initial training program at its headquarters or at another designated location. At Franchisee's request, Franchisor shall provide initial training to additional personnels at Franchisor's then current fee, which is currently two thousand dollars ($2,000) per person. Franchisee agrees that all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses, and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the One River School, Franchisor shall make available to Franchisee, at Franchisor's expense, one (1) of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with One River School techniques and for the purpose of providing general assistance and guidance in connection with the opening of the One River School. If Franchisee requests additional assistance with respect to the opening or continued operation of the One River School, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete Initial Training Program

If Franchisor determines that the Operating Principal, Director of School or Director of Education is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Director of School and/or Director of Education fail to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager/director (as applicable) and such substitute manager/director (as applicable) must complete the initial training to Franchisor's satisfaction prior to assuming their role. Franchisee will be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager/director (as applicable) an initial training program. If Franchisee fails to pass the initial training, Franchisor may terminate this Agreement.

8.4 New Operating Principal, Director of School or Director of Education

Should Franchisee name a new Director of School, Director of Education, Assistant Director of Member Services or name a new Operating Principal through an approved transfer, Franchisee must notify Franchisor of the identity of such new person and that new person must complete the initial training program to Franchisor's satisfaction within thirty (30) days of being named. The new Operating Principal, Director of School, Director of Education, Assistant Director of Member Services (as applicable) may attend the initial training program without charge, provided that Franchisor has the right to require Franchisee to pay the costs of training if Franchisor determines that manager or director changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, room and board, and employees' salaries incurred in connection with the new Operating Principal's, Director of School's, Director of Education's, Assistant Director of Member Services' (as applicable) attendance at such training.

8.5 Ongoing Training

From time to time, Franchisor may provide and if it does, has the right to require that its personnel attend ongoing training programs or seminars during the term of this Agreement. Franchisee may be required to pay additional training fees as part of the ongoing training, whether to Franchisor or a third-party. Franchisor shall not require Franchisee or its personnel to attend more than one (1) session each in any calendar year that requires over four hundred (400) miles of travel. Franchisee shall be responsible for all travel costs, room and board, and employees' salaries incurred in connection with its personnel's attendance at such training. In addition to Franchisor's training

9. CONFIDENTIAL BRAND STANDARDS MANUAL

9.1 Access to Confidential Brand Standards Manual

While this Agreement is in effect, Franchisor shall provide Franchisee with access to one (1) copy of the Confidential Brand Standards Manual or grant Franchisee access to an electronic copy of the Confidential Brand Standards Manual. Franchisee shall conduct the One River School in strict accordance with the provisions set forth in the Confidential Brand Standards Manual. The Confidential Brand Standards Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Confidential Brand Standards Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Confidential Brand Standards Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor. Franchisor may make additions or modifications without prior notice to Franchisee. Franchisee shall immediately, on notice, adopt any such changes and ensure that Franchisee's copy of the Confidential Brand Standards Manual is up-to-date at all times. If a dispute as to contents of the Confidential Brand Standards Manual arises, the terms of a master copy maintained by Franchisor shall be controlling. These required standards exist to protect Franchisor's interests in the overall One River School System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

9.3 Confidentiality

The Confidential Brand Standards Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Confidential Brand Standards Manual is available at the Approved Location in a current and up-to-date manner. If the Confidential Brand Standards Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Brand Standards Manual in a secure manner at the Approved Location; if the Confidential Brand Standards Manual is in electronic form, Franchisee shall maintain the Confidential Brand Standards Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Confidential Brand Standards Manual, access to the Confidential Brand Standards Manual or any key, combination or passwords needed for access to the Confidential Brand Standards Manual. Franchisee shall not disclose, duplicate, or otherwise use any portion of the Confidential Brand Standards Manual in an unauthorized manner. Franchisee must provide signed nondisclosure and non-compete agreements on a quarterly basis to Franchisor.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the One River School and its employees to strictly comply, with all requirements, specifications, standards, operating procedures, and rules set forth in this Agreement, the Confidential Brand Standards Manual, or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or modified products, services, educational standards and processes, computer hardware, software, equipment, inventory, supplies, signs, or sales and marketing techniques. Franchisee shall implement any such changes in, or additions to, the System upon notice from Franchisor. Franchisee shall make such expenditures as such changes, additions, or modifications in the System may reasonably require. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance required in Section 13.2. Franchisee shall make any and all improvements or modifications required by law, regulation, agency decision, or court order.

10.3 Variance

Franchisor has the right to vary standards, specifications, or other requirements for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition or circumstances that Franchisor deems relevant to the operation of any particular One River School or the business interests or convenience of Franchisor. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Grand Opening Advertising

During the period beginning no later than one hundred twenty days (120) days before the opening of the One River School, Franchisee shall spend a minimum of $25,000 on pre-opening/coming soon local advertisement and promotion that includes the initial opening events ("Grand Opening Advertising"). Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2.2. Grand Opening Advertising expenditures shall be in addition to Local Advertising expenditures and Marketing Fund Contributions.

11.2 Local Advertising

11.2.1 Franchisee shall continuously promote the One River School. During Franchisee's first year of operation, in addition to required expenditures for Grand Opening Advertising, Franchisee shall spend at least $7,500 per quarter ($30,000 per year) on advertising, promotions, and public relations within the immediate locality surrounding the One River School ("Local Advertising"). During Franchisee's second year of operation, Franchisee shall spend at least $7,500 per quarter ($30,000 per year) on Local Advertising. Beginning in the twenty-fifth (25^{th}) month of operation, and every month thereafter, Franchisee shall spend at least five percent (5%) of the previous month's Gross Sales on Local Advertising and not less than $30,000 annually. All expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within thirty (30) days after the end of each month, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 Franchisee shall comply with all advertising and promotional guidelines promulgated by Franchisor. Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, Facebook and social media ads, ad copy, coupons, flyers, scripts, and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within five (5) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such five (5) day period, such materials shall be deemed to have received the required approval. Franchisee shall not use any marketing or promotional material prior to receiving approval by Franchisor.

11.3 Marketing Fund

Franchisor reserves the right to require all franchisees to contribute to a System-wide marketing, advertising, and promotion fund to assist in Franchisor's regional and national advertising ("Marketing Fund"). If done so, Franchisee shall be required to contribute monthly to the Marketing Fund in an amount specified by Franchisor up to five percent (5%) of Gross Sales ("Marketing Fund Contribution"). Franchisor shall provide Franchisee with thirty (30) days' notice before requiring Franchisee's participation in the Marketing Fund. Franchisor may adjust the amount of the Marketing Fund Contribution from time to time, in its sole discretion, by providing Franchisee with thirty (30) days' notice before changing Marketing Fund Contribution requirements. When required, Marketing Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. When established, the Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional, or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program. Franchisor shall have no liability to Franchisee based, directly or indirectly, upon any particular marketing program.

11.3.2 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering, and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.3.3 Franchisor shall endeavor to spend all Marketing Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions.

11.3.4 Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund shall not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Marketing Fund Contributions made in the aggregate by each franchisee.

11.3.5 Franchisor is not required to spend any amount for advertising in Franchisee's Protected Area.

11.3.6 Each One River School operated by Franchisor or an Affiliate is not required to make Marketing Fund Contributions at the same rate as One River School franchisees.

11.3.7 An accounting of the operation of the Marketing Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund reviewed or audited and reported on, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.8 Franchisee acknowledges that the Marketing Fund is not a trust, and Franchisor assumes no fiduciary duty in administering the Marketing Fund. Except for Franchisor's obligations related to the maintenance and expenditure of monies in the Marketing Fund, Franchisor is not required or obligated to conduct any advertising.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of One River Schools located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time. Failure of any franchisee to participate in any Cooperative Advertising Program shall not excuse Franchisee from its obligations hereunder to participate in the Cooperative Advertising Program and compliance with its terms as set forth in this Agreement.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the One River School without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator www.OneRiverSchool.com that provides information about the System and the services and products that Franchisor and its franchisees provide. Franchisor will include at its website an interior section for local customization of information about Franchisee's One River School. Franchisor has the right to require Franchisee to prepare all or a portion of the content of the interior section and update it according to Franchisor's best practices and standards, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, Franchisor's website.

11.6 Social Media Advertising

Franchisee must list the pertinent contact information (including, but not limited to, telephone number(s), address, and website) for the One River School and advertise the One River School in such a way that would be easily accessible through a basic online search engine or approved social media platform (including, but not limited to, Facebook, LinkedIn, Twitter, Yelp!, SnapChat, Pinterest, Groupon, TikTok, and Google). Franchisee must, according to standards Franchisor has created, operate on social media platforms Franchisor has identified for local marketing. Franchisor shall establish Franchisee's social media sites and provide Franchisee and its management with access to the social media platforms. At Franchisor's request, Franchisee shall promptly provide Franchisor with login access to assist in the maintenance of all such social media platforms and online listings. Expenditures associated with the establishment and development of social media platforms are in addition to Franchisee's Local Advertising obligations.

11.7 Promotional Programs

Franchisee shall implement, participate in, and comply with the requirements of, any gift card, gift certificate, coupon, customer loyalty or retention, discount, or other promotional program Franchisor implements for all or part of the One River School System and shall sign the forms and take the other actions that Franchisor requires for Franchisee to participate in such programs and pay all costs and fees related thereto. In addition to the programs described in the preceding sentence, Franchisor may, from time to time, in its sole discretion, develop and administer advertising and sales promotion programs designed to promote all or some One River Schools operating under the System or particular services or other particularities. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor. The standards and specifications established by Franchisor for such programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas, and advertising agencies, shall be final and binding upon Franchisee.

11.8 Pricing

Franchisor has the right to specify the prices of the products and services offered and sold by Franchisee. Franchisor also has the right to determine the minimum prices and maximum prices of the products and services offered and sold by Franchisee. Franchisee must strictly adhere to the lawful prices established by Franchisor for the sale of products and services. Franchisor retains the right to modify such prices from time-to-time in its sole discretion.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Brand Standards Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for five (5) years thereafter, all books and records related to the One River School including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor via the Internet and a signed and verified statement of Gross Sales ("Gross Sales Report") each month in a form that Franchisor approves or provides in the Confidential Brand Standards Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the fifth day of each month, as provided in Section 3.2.

12.3 Financial Statements

Franchisee shall supply to Franchisor on or before the fifteenth (15^{th}) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within sixty (60) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. All such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Confidential Brand Standards Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may request from time to time or as specified in the Confidential Brand Standards Manual. Franchisor shall have the right to release financial and operational information relating to the One River School to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer System

Franchisee shall install and maintain the computer hardware and software (including, without limitation, point-of-sale hardware and software) Franchisor requires for the operation of the School and shall follow the procedures related thereto that Franchisor specifies in the Confidential Brand Standards Manuals or otherwise in writing. Among other things, Franchisor may require that Franchisee install and maintain systems that permit Franchisor to access and retrieve electronically any information stored in Franchisee's computer systems, including, without limitation, information concerning School's Gross Sales, at the times and in the manner that Franchisor may specify from time to time. Franchisor also may require Franchisee to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System. All information contained in and collected by any such computer program (including, but not limited to, information pertaining to students of the School) shall be the sole and exclusive property of Franchisor.

12.6 Surveillance Camera System

Franchisee must purchase and install a surveillance camera system consisting of cameras and other equipment in accordance with Franchisor's specifications and shall upgrade such system in accordance with Franchisor's requirements. Franchisor and Franchisee have a right to have full access to the surveillance system to conduct real time surveillance of the One River School, the system data, and all related information by means of remote access or in person access.

12.7 Right to Access and Inspect

Franchisor or its designee has the right at all times to access, examine, inspect, copy and audit the books, records and tax returns of Franchisee. This includes but is not limited to Franchisee being obligated to, and Franchisee shall, provide Franchisor with unrestricted access to Franchisee's books and records online, also including full login access to Franchisee's data with QuickBooks online and any other online bookkeeping, recordkeeping, accounting system Franchisor designates. If any audit or other inspection reveals that any payments to Franchisor were underpaid (or underreported and therefore underpaid), then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located). If the audit or any other inspection reveals that Franchisee has not spent the minimum required amounts on Grand Opening Advertising or Local Advertising, or if the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit or inspection, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.8 Artificial Intelligence Usage

Franchisee acknowledges and agrees that in order to protect the goodwill of the System, the Intellectual Property and the Marks, the use of artificial intelligence ("AI") in the One River School must be conducted in a safe, thoughtful, and ethical manner. Franchisee shall adhere to the following guidelines when employing AI technologies within the One River School operations as well as any other guidance set forth in the Confidential Brand Standards Manual:

12.8.1 **Permitted and Prohibited Use of AI**. Franchisee may implement AI solutions within the permitted business scope of operating its One River School, focusing on tasks such as process automation, customer service optimization, data analysis, and targeted marketing. Franchisee is strictly prohibited from using AI solutions to: (i) access, use, or transmit Confidential Information or Intellectual Property and the Marks without Franchisor's prior written authorization; (ii) collect, store, or otherwise utilize Intellectual Property and Confidential Information in any way not expressly permitted under this Agreement and applicable data privacy laws; (iii) engage in any activity that could harm the System or Franchisor's brand reputation or expose it or Franchisor to legal or regulatory risk; and (iv) develop or deploy AI solutions that violate applicable laws or regulations, including those pertaining to discrimination, data privacy, and consumer protection.

12.8.2 **Data Security, Confidentiality, and Privacy**. Franchisee must implement and maintain appropriate technical and organizational measures to protect the security and privacy of all data processed or stored through AI solutions. Franchisee shall not use, disclose, or permit the use or disclosure of any Confidential Information, including but not limited to trade secrets, business strategies, and proprietary processes, in connection with the development, implementation, or operation of AI technologies. Under no circumstances shall Franchisee use any Intellectual Property and Confidential Information, whether obtained through the System or otherwise, in connection with AI technologies. Franchisee must promptly notify Franchisor of any potential data security breaches or privacy violations involving Franchisee's AI solutions.

12.8.3 **Ethical AI Practices**. Franchisee agrees to employ AI technologies in accordance with industry best practices and ethical standards. This includes, but is not limited to, ensuring transparency, fairness, and accountability in AI decision-making processes.

12.8.4 **Monitoring and Reporting**. Franchisor reserves the right to periodically audit Franchisee's use of AI solutions to ensure compliance with this provision. Upon request or as otherwise directed in the Confidential Brand Standards Manual, Franchisee agrees to provide Franchisor with regular reports on the performance and impact of Franchisee's AI solutions, including metrics relevant to data security, privacy, and compliance in the form set forth in the Confidential Brand Standards Manual.

12.8.5 **Consequences of Breach**. Any violation of this provision constitutes a material breach of this Agreement and entitle Franchisor to all remedies available under law and this Agreement, including termination of the Franchise Agreement. Notwithstanding anything set forth in these guidelines or the Confidential Brand Standards Manual, Franchisee is solely responsible for ensuring its use of AI solutions and technologies comply with all applicable laws, rules and regulations, industry best practices, and any vendor supplier contracts. In no event will Franchisor be responsible for Franchisee's use of AI solutions or technologies, and Franchisee shall defend and indemnify Franchisor in accordance with Section 24 of this Agreement for any losses and expenses incurred as a result of Franchisee's use of AI solutions and technologies.

12.8.6 **Telephone System**. At Franchisee's expense, Franchisee must obtain a telephone number that will only be used for the Franchise. Upon termination or expiration of this Agreement Franchisee will assign such telephone number to Franchisor. Franchisee must execute the Internet Websites, Telephone and Listing Agreement attached hereto as Exhibit D which will assign us all rights to your telephone number.

12.9 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the One River School including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services, and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on developing schools at suitable locations and offering high quality services and products to its students. Accordingly, Franchisor will furnish to the Franchisee from time-to-time lists of approved supplies or approved suppliers. Franchisee must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction, and operation of the One River School as set forth in the Approved Supplies and approved suppliers ("Approved Suppliers") lists, as Franchisor may amend from time-to-time. Although Franchisor does not do so for every item, it has the right to approve the manufacturer, distributor, and/or supplier of Approved Supplies. Franchisee acknowledges and agrees that certain Approved Supplies may be available from only one Approved Supplier source, and that Franchisor or its affiliates may be the sole approved source. Franchisee will pay the then-current price in effect for any approved products and supplies purchased from Franchisor or its affiliates. All inventory, products, materials, and other items and supplies used in the operation of the One River School that are not included in the Approved Supplies or Approved Suppliers lists must conform to the specifications and standards Franchisor establishes from time to time. ALTHOUGH APPROVED OR DESIGNATED BY THE FRANCHISOR, THE FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY THE FRANCHISOR. THE FRANCHISOR'S APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO THE FRANCHISOR.

13.1.2 Except for any products, supplies, or materials for which Franchisor designates a single source Approved Supplier, if Franchisee wish to purchase products, supplies, materials, or equipment from suppliers not approved by Franchisor, Franchisee must submit to Franchisor a written request to approve the proposed supplier, together with any background documents or evidence Franchisor may require. Franchisor will have the right to require Franchisee to obtain permission from the supplier to allow Franchisor's representatives to inspect the supplier's facilities and that Franchisee deliver samples from the supplier for evaluation and testing to Franchisor or to an independent testing facility that Franchisor designates. Franchisor may charge Franchisee an evaluation fee to conduct its evaluation and testing. Franchisor will, within thirty (30) days after its receipt of Franchisee's evaluation request, notify Franchisee in writing of its approval or disapproval of the proposed supplier. Franchisor may revoke its approval of particular products, equipment, or suppliers when it determines that such products, equipment, or suppliers no longer meet its standards. Upon receipt of the revocation of approval, Franchisee must cease to use or sell any disapproved products and cease to purchase form any disapproved supplier.

13.1.3 Franchisor shall provide Franchisee, in the Confidential Brand Standards Manual or other written or electronic form, a list of specifications and, if required, a list of Approved Suppliers for some or all services, supplies, signs, surveillance cameras, equipment, and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. Franchisor is not required to designate any Approved Supplier for any particular item(s) or service(s) and could designate only one (1) Approved Supplier for particular item(s) and/or service(s). Franchisor may designate itself or an Affiliate as an Approved Supplier or the sole Approved Supplier for any item(s) or service(s). If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate.

13.1.4 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time-to-time its approval of any items, services, or suppliers. Franchisor may revoke its approval of any item, service, or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.5 Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing, and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or products.

13.1.6 Franchisor has the right to retain volume rebates, markups, and other benefits from suppliers or in connection with the furnishing of supplies. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of the One River School

Franchisee shall maintain and refresh the One River School and the Approved Location in a "like-new" condition and in accordance with the Franchisor's requirements established periodically, and shall repair or replace equipment, fixtures, supplies, inventory, and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

13.3.1 Simultaneously with the execution hereof, each individual owner, shareholder, general partner, member or holder of any beneficial interest of the entity operating the Franchise (who shall all be designated on Exhibit 5) shall execute and deliver to Franchisor a personal guaranty, substantially in the form designated on Exhibit 4 attached hereto (the "Guaranty"), which Guaranty shall be a condition precedent to the grant of the Franchise hereunder and pursuant to which each individual owner shall be jointly and severally obligated to us under this Agreement.

13.3.2 Franchisee agrees to appoint an individual that owns at least fifty-one percent (51%) of the equity interests of the legal entity which holds the School as the Operating Principal who shall (i) be responsible for the School and all decisions; (ii) be granted the authority by the Franchise to bind it in any dealings with us and our affiliates; and (iii) direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the School. The name and address of the initial Operating Principal is set forth on Exhibit 2. You must obtain our approval of the original and any replacement or subsequent Operating Principals in writing. The One River School shall, at all times, be under the direct supervision of Franchisee or its Operating Principal. We may require the Operating Principal be involved in the day to day operation of the business, and work no less than thirty-five (35) hours per week, excluding vacation, sick leave, and similar absences. Franchisee and the Operating Principal shall perform the obligations under this Agreement faithfully and honestly and continue to exert its best efforts to promote and enhance the One River School and the System for the full term of this Agreement.

13.3.3 Your School must also have a person designated as the Director of School to work full time overseeing and operating the School on a day-to-day basis as well as a Director of Education and Assistant Director of Member Services as outlined in the Confidential Brand Standards Manual. The Operating Principal must act as your Director of School unless you designate an employee as the Director of School that is approved by us in writing and completes the required training program to our sole satisfaction. All Directors of School, Directors of Education, Directors of Member Services and Operating Principals must complete the required training program to our sole satisfaction. We must approve in writing any replacement, additional or subsequent Directors of School.

13.3.4 The Director of School shall diligently and fully exploit the rights granted in this Agreement by personally devoting full time and best efforts to the operation of the School and you and your Operating Principal shall perform your obligations under this Agreement faithfully and honestly and continue to exert your best efforts to promote and enhance the School and the System for the full Term of this Agreement.

13.3.5 Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.3.6 You, including each of your Owners have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a One River School hereunder and not for the purpose of reselling the rights to develop the One River School hereunder. You and your Operating Principal understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you (including your Operating Principal) and that this Agreement and the rights and obligations hereunder may not be transferred until after the

School commences operations to the public and then only in accordance with the terms of this Agreement.

13.4 Days of Operation

Franchisee shall keep the One River School open for business during the hours and days specified in the Confidential Brand Standards Manual.

13.5 Contributions and Donations

Franchisee is permitted to make contributions or donations of items, services, or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf of any organization). In order to protect Franchisor's Marks and goodwill, Franchisor may prohibit any such contributions or donations in its sole and absolute discretion.

13.6 Licenses, Permits, and Laws

Franchisee shall secure and maintain in force all required licenses, permits, and certificates necessary for the operation of the One River School and shall operate the One River School in full compliance with all applicable laws, ordinances, and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the One River School. Franchisee shall be solely responsible for investigating and complying with all applicable laws, ordinances, and regulations with regard to the operation of the One River School.

13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the One River School, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the One River School, not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation. Upon the occurrence of a Crisis Event (defined below), Franchisee shall immediately inform Franchisor by telephone and email (or other electronic medium authorized by Franchisor for this purpose). Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, Franchisor may also establish emergency procedures, which may require Franchisee to temporarily close the One River School to the public, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or loss profits occasioned thereby.

For purposes of this Section, a "Crisis Event" is any event or business interruption that runs the risk of (1) escalating in intensity; (2) adversely impacting One River School's financial position; (3) causing harm to students, personnel or the public or damage to their respective property or the environment; (4) falling under close media or governmental or regulatory scrutiny; (5) interfering with normal operations and wasting significant management time and/or financial resources; (6) adversely affecting personnel morale; or (7) jeopardizing the One River School, the Marks or the System's reputation, image, products, brand, intellectual property, or management and therefore negatively impacting its future. Without limiting the foregoing, a Crisis Event shall include contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance, which may damage the System, Marks, or our image or reputation.

13.7.1 **Press Releases**. Franchisee shall not issue any press release or conduct any media interviews regarding One River School without Franchisor's prior express written approval.

13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Franchisee further acknowledges that poor customer service, poor vendor relations, unfair dealing, or unethical conduct is harmful to the goodwill associated with the Marks and the System. Therefore, Franchisee shall maintain high standards of quality and service in the operation of the One River School. Franchisee shall at all times give prompt, courteous, and efficient service to students of the One River School. The One River School shall in all dealings with students, vendors, and the general public, adhere to the highest standards of honesty, fair dealing, and ethical conduct. If Franchisor deems that its goodwill is negatively affected because Franchisee did not fairly handle a student complaint, Franchisor has the right to intervene and satisfy the student. If Franchisor deems that its goodwill is negatively affected because Franchisee has not paid a vendor on time, Franchisor has the right to pay the vendor and/or debit from Franchisee's bank account sufficient funds to pay the vendor and cause the vendor to be paid. Upon Franchisee's violation of this Section, Franchisor may terminate this Agreement pursuant to Section 16.2.1.4. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a student and/or paying a vendor pursuant to this Section plus 10% of Franchisor's cost on account of overhead.

13.9 Personnel

Franchisee shall maintain competent and conscientious personnel to operate the One River School in accordance with this Agreement and the Confidential Brand Standards Manual. Franchisee is solely responsible for all hiring, firing, and other employment decisions relating to the personnel who operate the One River School, and Franchisee is solely responsible for determining whether such personnel are Franchisee's employees or independent contractors. Franchisee shall train or cause the training of all personnel as and when required by prudent business practices, System standards, or this Agreement. Franchisee shall ensure that all managers operating the One River School have undergone a reasonable background check prior to hiring them. Franchisee shall ensure that all teachers providing services at the One River School are licensed in accordance with state and local requirements, as well as any and all One River School requirements. Franchisee shall continuously ensure that its teachers maintain at all times, current and in good standing, any and all licenses and certifications as may be required by the state and locality of the One River School as well as the training requirements of One River School. At Franchisor's request, Franchisee shall provide Franchisor with documentation verifying Franchisee's performance of its continuing obligation under this Section and/or documentation that the teachers of the One River School have continuously met any and all such licensing and certification requirement and maintained the same. All costs associated with Franchisee's performance of its obligations under this Section shall be the sole responsibility of Franchisee.

13.10 Uniforms and Dress Code

Franchisee shall abide by any uniform or dress code requirements stated in the Confidential Brand Standards Manual or otherwise. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.11 Vending Machines

Franchisee shall not install or use, or permit the use of, at the One River School any vending machines, amusement devices, jukeboxes, video machines or other similar devices without first securing Franchisor's advance written approval, which will not be unreasonably withheld.

13.12 Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the One River School to accept such methods of payment from its customers. It is your responsibility to maintain and report your compliance with Payment Card Industry (PCI) Data Security Standards, which encompasses operational policies and practices as well as networks and payment systems, hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as renewal standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify your credit card transaction acquirer, insurance carrier and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected members, clients and customers of your One River School.

13.13 E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving written notice of such change of address to Franchisor. Franchisee will be given a designated "@OneRiverSchool.com" email address provided by the Franchisor, or such other e-mail address as Franchisor may determine.

13.14 Best Efforts

Franchisee shall devote full time and use Franchisee's best efforts to promote and increase the sales and recognition of services and products offered through the One River School. Franchisee shall require all of Franchisee's employees, managers, officers, agents, and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

13.15 Mystery Shopping and Customer Surveys

To facilitate candid assessments, Franchisor shall have the right, at its own cost and expense, to arrange mystery or secret shopper students, who may use fictitious identities in purchasing Franchisee's services and products sold at the One River School, as frequently as four (4) times per year. Franchisor shall also have the right to survey students of the One River School and to utilize similar methods of assessing student satisfaction.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems, and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters, and other methods with respect to planning, marketing, opening, and operating the One River School. Franchisor shall not charge for this service; however, Franchisor retains the right to charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its Affiliate in operating a One River School and an analysis of costs and prices charged for competitive services and products.

14.2 Periodic Visits

Franchisor or Franchisor's representative shall have the right to make visits periodically or other frequencies determined by Franchisor, which may be announced or unannounced, to the One River School for the purposes of consultation, assistance, and guidance with respect to various aspects of the operation and management of the One River School. Franchisor and Franchisor's representatives who visit the One River School may prepare written reports detailing problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the One River School. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements required by Franchisor, within thirty (30) days or other time specified by Franchisor, with time being of the essence. If Franchisee fails to implement any required change or improvement within the required time, then Franchisor shall have the right to take steps to do so. Franchisee shall reimburse any costs incurred by Franchisor to do so, plus ten percent (10%) of such cost on account of Franchisor's overhead.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure by the Effective Date, and maintain in full force and effect during the term of this Agreement, all insurance policies required by the state in which the One River School is located. In addition, Franchisee shall procure by the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. These policies must be written by a responsible insurance carrier or carriers rated "A-VI" or better as indicated in the latest issue of A.M. Best's Key Rating Guide and which are licensed in the state in which you will operate. Franchisor has the right to designate a sole Approved Supplier of such insurance policies. In addition to any other insurance that may be required by applicable law, or by lender or lessor or as recommended by Franchisee's insurance agent, at a minimum, Franchisee shall procure the following policies:

15.1.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the One River School. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 commercial general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the premises and operation of the One River School, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law, and TWO MILLION DOLLARS ($2,000,000.00) aggregate per policy year. The following minimum sub-limits must be met: ONE MILLION DOLLARS ($1,000,000.00) for personal and advertising injury; TWO MILLION DOLLARS ($2,000,000.00) for products/completed operations aggregate expenses; THREE HUNDRED THOUSAND ($300,000.00) for damage to rented premises; and TEN THOUSAND ($10,000.00) for medical expenses. Franchisee must also obtain riders for sexual molestation and corporal punishment. Franchisee must add Franchisor and its successors or assigns as additional insured, the cost of which will be paid by Franchisee.

15.1.3 business interruption insurance covering at least nine (9) months' loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in Sections 15.1.1 and 15.1.2 above and Franchisee's Royalty Fees and Marketing Fund Contributions calculated on the basis of the Gross Sales used as the basis for calculation of the business interruption insurance award. Such business interruption insurance shall be written on an all risks form, either as an endorsement to the policies described in Sections 15.1.1 and 15.1.2 above or on a separate policy;

15.1.4 hired and non-owned automobile liability insurance of at least ONE MILLION DOLLARS ($1,000,000.00) combined single limit per accident (if Franchisee is permitted to provide services off-site). Franchisee must add Franchisor and its successors or assigns as additional insured, the cost of which will be paid by Franchisee;

15.1.5 employment practices liability ("EPL") insurance with minimum limit of ONE MILLION DOLLARS ($1,000,000.00). Coverage must include a third party endorsement. Franchisee must add Franchisor and its successors and assigns as additional insured, the cost of which will be paid by Franchisee;

15.1.6 workers' compensation insurance as required by applicable law;

15.1.7 umbrella liability insurance with a minimum limit of ONE MILLION DOLLARS ($1,000,000.00) to extend over general liability, hired/non-owned automobile, employers liability and employment practices liability insurance;

15.1.8 "small art gallery" policy with a minimum limit of FIFTY THOUSAND DOLLARS ($50,000.00) that covers both loss and damage;

15.1.9 insurance policy and required coverage level deductibles shall not exceed FIVE THOUSAND DOLLARS ($5,000.00); and

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances, at Franchisee's expense.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide, or be approved by Franchisor in writing, prior to placement of coverage. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall timely deliver to Franchisor certificates of insurance and copies of the complete policies together with any and all endorsements and amendments and all other portions thereof, showing compliance with the foregoing requirements, each of which must contain a statement by the insurer that the policy will not be cancelled or materially altered without at least ten (10) days prior written notice to Franchisor. In order to monitor claims activity on a national level, and to most effectively assess program exposures, Franchisee is required to collect loss history statements (i.e. loss runs) from carrier and remit to Franchisor at any time upon request from Franchisor.

15.5 <u>Failure to Maintain Coverage</u>

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. <u>DEFAULT AND TERMINATION</u>

16.1 <u>Termination by Franchisee</u>

If Franchisee is in full compliance with all terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 <u>Termination by Franchisor</u>

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish, equip, and commence operations of the One River School pursuant to <u>Section 5</u>;

16.2.1.2 fails to have its Operating Principal, Director of School or Director of Education satisfactorily complete any training program pursuant to <u>Section 8</u>;

16.2.1.3 fails to furnish Franchisor with evidence that Franchisee has satisfied all applicable licensing laws and regulations, pursuant to <u>Section 5.6.1.4</u>;

16.2.1.4 fails to comply with good business practices pursuant to <u>Section 13.9</u>;

16.2.1.5 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.6 is convicted of or pleads no contest to a felony or is arrested and charged with any crime or offense that, in the sole discretion of Franchisor, is likely to adversely affect the reputation of Franchisor, Franchisee, or the One River School;

16.2.1.7 after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee, or the One River School;

16.2.1.8 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Brand Standards Manual, Trade Secrets, or any other Confidential Information pursuant to Sections 7 and 9;

16.2.1.9 if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff, and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 3, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.10 abandons, fails, or refuses to actively operate the One River School for ten (10) or more consecutive days (unless the One River School has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the One River School following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.11 surrenders or transfers control of the operation of the One River School without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

16.2.1.12 fails to maintain the One River School under the primary supervision of a Director of School and Operating Principal during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.13 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information, or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.14 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.15 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.16 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.17 violates, on two (2) or more occasions, any health or safety law, ordinance or regulation, or operates the One River School in a manner that presents a health or safety hazard to its students, employees, or the public;

16.2.1.18 engages in any activity exclusively reserved to Franchisor;

16.2.1.19 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.20 repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, student service standards, or operating procedures prescribed in the Confidential Brand Standards Manual, whether or not previous breaches or failures are cured; or

16.2.1.21 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.2.2.1 within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

16.2.2.2 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Confidential Brand Standards Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate One River School

Following the delivery of a notice of default pursuant to Section 16.2.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the One River School until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Confidential Brand Standards Manual from time to time, currently equal to SIX HUNDRED DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the One River School.

16.6 Cross Defaults, Non-Exclusive Remedies, Etc.

Any default by Franchisee (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any Franchisor's affiliate) and Franchisee (or any of Franchisee's affiliates). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any of Franchisor's affiliates), may be regarded as a default under this Agreement unless specifically agreed otherwise in writing. Any default by Franchisee (or any person/company affiliated with Franchisee) under any loan agreement, security agreement, lease, supply or service agreement or otherwise, whether with Franchisor, any of Franchisor's affiliate and/or any third party which is not cured by the time period specified in such agreement may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any of Franchisee's affiliates).

In each of the foregoing cases, Franchisor (and any of Franchisor's affiliates) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company affiliated with Franchisee) and Franchisor (and/or Franchisor's affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

17. <u>RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION</u>

17.1 <u>Actions to be Taken</u>

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1 immediately cease to operate the One River School and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets, Confidential Information, the System, and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due. Franchisor has the right, but not the duty, to purchase all business assets of the One River School at a price equal to fair market value, less any goodwill associated with the assets;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "One River®" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.7 immediately return to Franchisor the Confidential Brand Standards Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the One River School (all of which are acknowledged to be Franchisor's property);

17.1.8 immediately deliver to Franchisor all student information, customer data, class enrollment information, and related correspondence;

17.1.9 assign all telephone listings and numbers for the One River School to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified, or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.10comply with all other applicable provisions of this Agreement.

17.2 Post-Term Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

17.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Director of School.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration, termination, or transfer of this Agreement, regardless of the cause of the expiration, termination, or transfer of this Agreement, the franchise, or Franchisee, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company, or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a thirty (30) mile radius of the Approved Location or within the Protected Area (whichever is greater), or (b) within a thirty (30) mile radius of the location of any other One River School in existence at the time of expiration, termination, or transfer; or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 3.

17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute the significance, reputation or any other aspect or attribute of the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the One River School including leasehold improvements, equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value. If the parties cannot agree on the fair market value of the assets within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by three (3) appraisers. Each party shall select one (1) appraiser, and those two (2) appraisers shall select a third appraiser. The average of the determinations of the three (3) appraisers shall be binding. In the event of an appraisal, each party shall bear its own legal and other costs and shall divide the appraisal fees equally. The purchase price shall be paid in cash; provided, that Franchisor shall have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees and costs). Closing of the purchase and sale of the assets described above shall occur not later than thirty (30) days after the purchase price is determined, unless the parties mutually agree to designate another date. At closing, Franchisee shall deliver to Franchisor, in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all necessary documents, instruments, or third party consents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration, termination, or transfer of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration, termination, or transfer and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the One River School, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon Franchisor's satisfaction that Franchisee has satisfied the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the One River School, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the One River School;

18.2.5 the financial and other terms and conditions of transfer are, in Franchisor's judgment, reasonable for the nature of the transaction, and not overly burdensome on the transferee with regard to the transferee's ability and or future operation of the One River School;

18.2.6 the transferee does not and will not, in Franchisor's judgment, be responsible for operating so many locations as to raise questions, in Franchisor's judgment, of the transferee's ability to operate such locations;

18.2.7 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.8 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.9 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise, including an executed Non-Solicitation and Non-Competition Agreement by and among Franchisee and transferee;

18.2.10 the transferee has paid to Franchisor a nonrefundable transfer fee in an amount equal to thirty-three percent (33%) of the amount that Franchisor then charges as an initial franchise fee for a new franchise;

18.2.11 the transferee, and all holders of a legal or beneficial interest in the transferee, have agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.12 Franchisee has agreed to be bound to the obligations of the new franchise agreement, guarantee the full performance thereof by the transferee, and guarantee that the transferee will achieve sales and revenue at least equal to or greater than the level of sales and revenue achieved by Franchisee;

18.2.13 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state, and local laws, rules, ordinances, and requirements applicable to the transfer have been complied with or satisfied;

18.2.14 the transferee, its Operating Principal, Director of School and Director of Education have completed Franchisor's initial training program to its sole satisfaction;

18.2.15 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

18.2.16 the transferee agrees to furnish evidence that it has obtained any required state and local certifications and licenses and has complied with all state and local licensing laws and regulations;

18.2.17 the transferee has obtained all necessary types of insurance as described in Section 15.1; and

18.2.18 Franchisee's staff, including the manager and all key employees, has agreed to be bound by a Nondisclosure and Non-Solicitation Agreement, in a form that is satisfactory to Franchisor.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax, or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the One River School;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.10;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the One River School. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the One River School, shall not release transferor or transferee nor constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the One River School, or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the One River School by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on, or upon the location of the One River School, or in any communication media, any form of advertising relating to the sale or lease of the One River School or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), including the Operating Principal, the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the One River School or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6; provided, however, that Section 18.2.10 of this Agreement (requiring the payment of a transfer fee) shall not apply to such transfers. During such one hundred eighty (180) day period, the One River School must remain at all times under the primary management of a Director of School who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the One River School until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Confidential Brand Standards Manual from time to time, currently equal to SIX HUNDRED DOLLARS ($600.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the One River School.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the One River School (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Unless the proposed sale or transfer is to a member of the immediate family of a holder of a legal or beneficial interest in Franchisee, Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales of Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the One River School (or any of its assets outside of the normal course of business), any ownership interest in Franchisee, or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 5 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant, or independent contractor of Franchisor for any purpose whatsoever. Franchisee's employees and independent contractors are not employees or independent contractors of Franchisor. Franchisor and Franchisee are not joint employers. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the One River School operating the One River School pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery, or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the One River School. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee, or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the One River School; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors, or omissions committed or incurred in connection with the One River School, including any negligent or intentional acts; or (f) infringement, violation, or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the expiration, termination, or transfer of this Agreement.

21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation, or proceeding. In order to protect persons, property, Franchisor's reputation, or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation, or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. SECURITY INTEREST.

22.1 Collateral.

Franchisee hereby grants Franchisor a security interest ("Security Interest") in all of the equipment, signage, décor, inventory, art-supplies, assets and realty of the Franchise, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchise. All items in which a security interest is granted are referred to as the "Collateral".

22.2 Indebtedness Secured.

The Security Interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by Franchisee; (b) all sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorney fees that Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and Indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments.

Franchisor's security interest, as described herein, shall be subordinated to any financing related to Franchisee's operation of the Franchise including, but not limited to, a real property mortgage and equipment leases.

22.3 Additional Documents.

Franchisee will from time to time, as required by Franchisor, join Franchisor in executing any additional documents and 1 or more financing statements pursuant to the Uniform Commercial

Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor.

22.4 Possession of Collateral.

Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral.

22.5 Franchisor's Remedies in Event of Default.

Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the Uniform Commercial Code of the state in which Franchisee's Franchise is located (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth in this Agreement.

22.6 Special Filing as Financing Statement.

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

23. GENERAL CONDITIONS AND PROVISIONS

23.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

23.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction, or a permanent injunction) against any such breach, whether actual or contemplated. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 24. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

23.3 Notices

All notices, requests, consents and other communications required hereunder shall be in writing and shall be duly given if hand delivered and a signed receipt obtained, sent by registered or certified mail, postage prepaid, return receipt requested, sent by overnight express type service, or sent by telecommunication with confirmed delivery, including electronic mail, addressed:

If to us:

One River School Franchising, LLC
Attn: Senior Vice President of Operations
49 North Dean Street
Englewood, NJ 07631
amauro@oneriverschool.com

If to you, to the address and email indicated on the Data Sheet to this Agreement. In the alternative, notice shall be sent to such other address as you or we shall have specified in a written notice given to the other party. Each such notice shall be deemed delivered (a) on the date delivered, if by personal delivery; (b) one (1) day after notice is sent, if by overnight express type service; (c) on the date of transmission by telecommunication with confirmed delivery, if by electronic mail or other electronic method; and (d) on the first occurring of: (i) three (3) business days after mailing, postage prepaid, or (ii) the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. Any notice provided by electronic mail or other electronic method shall be confirmed by one (1) of the delivery methods listed under subsection (a), (b), or (d) although this shall not affect the time notice is deemed given hereunder.

23.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

23.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit 4, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

23.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request for approval.

23.7 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements; provided, however, that nothing in this or any related agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). Franchisee acknowledges that Franchisee is entering into this Agreement as a result of its own independent investigation of the One River School and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

23.8 Severability and Modification

23.8.1 Except as noted below, each paragraph, part, term, and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

23.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

23.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

23.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

23.11 Timing

Time is of the essence. Except as set forth in Section 23.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

23.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees, Marketing Fund Contributions, or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

23.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

23.14 Third-Party Beneficiaries

Our affiliates, any Marketing Fund and each of our and their respective officers, directors, members, agents, representatives and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in Section 24, each having authority to specifically enforce the right to mediate/arbitrate/litigate claims asserted against such person(s) by you or asserted in relation to this Agreement. Other than the above, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

23.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23.16 Inflation Adjustment

Franchisor shall have the right to adjust upward for inflation on an annual basis, any fees or charges set, provided for or described in this Agreement or otherwise as a dollar amount or fixed amount. Any such adjustment shall be based on increases reflected by a reasonable inflation index published by the U.S. Government.

23.17 Liquidated Damages

Upon termination of this Agreement by us for cause, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages for lost Royalty Fees and Marketing Fund Contributions. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Marketing Fund Contributions (without regard to any fee waivers or other reductions) for each School you open under this Agreement that are owed by you to us, beginning with the date you open each School through the date of early termination, multiplied by the lesser of: (i) 24, or (ii) the number of full months remaining in the Term. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees and Marketing Fund Contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees and Marketing Fund Contributions would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees and Marketing Fund Contributions. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Marketing Fund sections. You agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee and Marketing Fund sections.

24. DISPUTE RESOLUTION

24.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey (without reference to its conflict of laws principles); provided, however, that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between Franchisor and Franchisee, will apply if its jurisdictional requirements are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

24.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall only be brought in the appropriate state court located in or serving Bergen County, New Jersey. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

24.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

24.4 Limitations of Claims

Any claim concerning the One River School or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

24.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 23.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

24.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

24.7 Dispute Resolution Process

Franchisee and Franchisor agree that the following provisions apply with respect to dispute resolution:

24.7.1 Before Franchisee or Franchisor can initiate arbitration or litigation in connection with a dispute arising under this Agreement, the parties agree to meet in person for at least two hours at Franchisor's headquarters in an attempt to resolve the dispute. The meeting will be on an individual basis between Franchisee and the Chief Executive Officer of One River School Franchising, LLC and must take place within two weeks of a party's request for the meeting, and each party must pay its own costs and expenses with respect to the meeting. If a party refuses to participate in this meeting, the refusing party must pay $5,000 to the other party.

24.7.2 If the parties are unable to resolve the dispute under Section 24.7.1 above, the parties must then meet to mediate the dispute. The mediation will be held in the city in which the Franchisor's headquarters are located at the time of mediation. The parties must agree upon a single mediator to mediate the dispute within sixty (60) days after a written demand for mediation is made. If the parties are unable to agree upon a single mediator to mediate the dispute, each party will select a mediator and the two mediators will select a third mediator who will mediate the dispute. Any such mediation will be non-binding.

24.7.3 Except for controversies or claims relating to the ownership of any and all intellectual property rights, including, but not limited to, the Marks, copyrights or the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition and other claims for injunctive relief and except as precluded by applicable law, if the parties are unable to resolve the dispute through mediation (as outlined in Section 24.7.2 above), the parties will be subject to arbitration. The controversy or claim shall be submitted to binding arbitration conducted before and in accordance with the Commercial Rules of the American Arbitration Association ("AAA"), by one (1) arbitrator selected by Franchisor and Franchisee. Judgment upon any award rendered may be entered in any court having jurisdiction thereof. Except to the extent prohibited by applicable law, (a) the proceedings shall be held within twenty (20) miles of Englewood, New Jersey; (b) all arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any representative capacity, and shall not be consolidated with claims asserted by or against any other Franchisee; (c) subject to the exceptions in Section 24.4, Franchisor and Franchisee waive to the fullest extent permitted by law, and the arbitrator shall have no power or authority to grant punitive, exemplary, treble or other forms of multiple or consequential damages as part of its award; and (d) in any arbitration proceeding hereunder, each party shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Notwithstanding subsection (b) or anything to the contrary herein, if any court or arbitrator determines that all or any part of subsection (b) is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 24.7.3, then Franchisor and Franchisee agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Agreement (excluding this Section 24.7.3). In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product or service sold or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator at any arbitration hearing. The arbitrator may not consider any settlement discussions or offers that may have been made by Franchisor or Franchisee. The substantive law applied in such arbitration shall be as provided in Section 24.1 above. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The parties shall initially share equally the arbitrator's fees and costs. If either party fails to timely pay its share of the fees and costs, the arbitrator shall enter a default against the non-paying party on the claims and defenses in the matter, provided, that Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with this Section 24.7.3. The arbitral decision, whether by default or after hearing, shall be binding and conclusive on the parties. The prevailing party shall be entitled to an award against the non-prevailing party reimbursing the arbitrator's fees and costs it advanced and for payment of attorneys' fees and costs. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

Franchisee acknowledges that it has read the terms of this binding dispute resolution process and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

25. ACKNOWLEDGMENTS

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

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

We have made no promise or representation to you as to the renewal of this Agreement or the grant of a new franchise after the end of the Initial Term set forth in Section 3 hereof.	INITIAL HERE: ____________
This Agreement and our Franchise Disclosure Document, or "FDD", have been in your possession for at least fourteen (14) days before you signed this Agreement and before your payment of any monies to us, refundable or otherwise, and that any unilateral, material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before you signed this Agreement, or as otherwise required by state law.	INITIAL HERE: ____________
(a) You have read and understand this Agreement and our Franchise Disclosure Document; (b) We have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (c) You have had ample opportunity to consult with advisors of your own choosing; and (d) Our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby.	INITIAL HERE: ____________
You have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Franchise involves unavoidable business risks. You acknowledge that the success of the Franchise is primarily dependent upon the business abilities and efforts of you and your Implementer and Personnel.	INITIAL HERE: ____________
You have not received any representation, warranty or guarantee, express or implied, from us or any of our officers, directors, shareholders, employees, or agents, as to the potential revenues, income, profits, volume, or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure	INITIAL HERE: ____________

Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee, or representations of this type.

This Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete agreement and understanding between us and you and supersede any and all prior agreements, no other representations, promises, warranties or agreements have induced you to execute this Agreement. You further acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations, including those that are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

INITIAL HERE:

____

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

INITIAL HERE:

____

26. COUNTERPARTS

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ONE RIVER SCHOOL FRANCHISING, LLC:

By:______________________________________

Name:____________________________________

Title:_____________________________________

Date:_____________________________________

FRANCHISEE:____________________________
(type/print name)

By:______________________________________

Name:____________________________________

Title:_____________________________________

[or, if an individual]

Signed:___________________________________

Name printed:______________________________

Date:_____________________________________

____
Operating Principal

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____________, 20____ by ____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of ______, ____ in consideration of:

__________ the execution by One River School Franchising, LLC, a New Jersey limited liability company ("RELEASEE"), of a renewal Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

__________ RELEASEE'S consent to RELEASOR'S assignment of its rights and duties under the Franchise Agreement and/or to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Franchise Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as the Franchise Agreement).

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

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

RELEASOR:____

(type/print name)

By:____

Name:____

Title:____

(or, if an individual)

Signed:____

Name printed:______________________________________

ACKNOWLEDGMENT

STATE OF ____________)
) ss.
COUNTY OF ____________)

On _______________, ______, before me, _____________________________________, a notary public, personally appeared ____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _________ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

____
[Signature of Notary Public] *[Seal]*

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

DATA SHEET

Data Sheet

1. Franchisee: ______________________________
Address for Notice: ______________________________
____
____

2. Owner. You represent and warrant to us that the following person or entity, and only the following person or entity, will be your Owner(s):

Name	Home Address	Percentage of Ownership

3. Approved Location. As stated in section 2.2 of the Franchise Agreement, the Approved Location is: ____

4. Designated Area. If the Approved Location is not determined, then the Designated Area to search and identify an Approved Location is: ______________________________
____
____.

4. Effective Date: ________________

YOU:

By: ________________________
Title: ______________________

WE: One River School Franchising, LLC

By: ________________________
Title: ______________________

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

Directions: Each Franchisee owner (and members of their immediate families or households), officer, director, executive, manager, member of the professional staff, and all employees and independent contractors who have access to Franchisor Trade Secrets and/or Confidential Information, shall complete and sign one copy of this Nondisclosure and Non-Competition Agreement and the Franchisee shall return it to the Franchisor.

Print your name		
Your address (street, town, state, ZIP)	Street	
	Town	
	State	ZIP
Your phone number (with area code)	( )	
Name of Franchisee		
City and state in which One River School is located	City	State
Identify the position you hold or will hold with Franchisee		

In consideration of your position with the above franchisee (the "Franchisee"), you, the undersigned, hereby acknowledge and agree that:

1. **Nondisclosure Agreement.** Your Franchisee operates a franchised One River School (the "Franchised Business") under a franchise agreement with One River School Franchising, LLC (the "Franchisor"). During the term of your relationship with Franchisee and for all time thereafter, you agree not to communicate, divulge, or use for the benefit of any person or entity (such as a partnership, association, limited liability company, corporation, or other entity) any confidential information, knowledge, or know-how concerning the training you receive and the methods of operation of the Franchised Business that may be communicated to you by virtue of your affiliation with Franchisee. Any and all information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential shall be deemed confidential for purposes of this Nondisclosure and Non-competition Agreement (the "Agreement").

2. **Non-Competition Agreement.** You agree you will receive certain valuable information about the Franchisor's system of operation (the "System"), and that this information would not have been given to you without your execution of this Agreement. You covenant that while you are affiliated with Franchisee and for a continuous uninterrupted period of two years beginning

when your affiliation with Franchisee ends, you shall not in any way (directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity): (a) divert or attempt to divert any present or prospective business or customer of any One River School to any competitor, by direct or indirect inducement or otherwise; or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks or its System; or (b) own, maintain, operate, engage in, act as a consultant for, or have any interest in, any retail business which: (i) is the same as, or substantially similar to, a One River School; or (ii) offer to sell or sell any services, product, or other item which is the same as, or substantially similar to, any of the services, product, or other items offered by a One River School where the sale of such services, product, or other item constitutes fifty percent (50%) or more of the gross sales of such retail business.

Exceptions to the restrictions in this Paragraph 2. After your termination of affiliation with Franchisee, the restrictions in this Paragraph 2 apply only to such a business located within thirty (30) miles of any One River School. The Franchisor has the right, but not the obligation, at any time, to reduce the scope of any covenant in Paragraph 2 or any portion of any covenant in Paragraph 2, without your consent, effective immediately upon receipt by you of written notice; and you shall comply immediately with any covenant as so modified, which shall be fully enforceable without regard to any other provision of Paragraph 2.

3. **Third-party beneficiary.** The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely or jointly with your Franchisee at the Franchisor's sole discretion. Any violation of this Agreement will cause the Franchisor and Franchisee irreparable harm, and, therefore, the Franchisor or Franchisee, or both, may apply for the issuance of an injunction preventing you from violating this Agreement in addition to any other remedies it or they may have hereunder, at law or in equity.

I have read and understand this Nondisclosure and Non-competition Agreement. I agree to be bound by this Nondisclosure and Non-competition Agreement. I have a copy of this Nondisclosure and Non-competition Agreement.

This Agreement shall be construed under the laws of the state in which the One River School is located. Except as provided in Paragraph 2 above, the only way this Agreement can be changed is in a writing signed by the Franchisor, Franchisee, and you.

ACKNOWLEDGED BY YOU:
By:______________________________
Name:____________________________
Date:_____________________________

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of____________, 20__, by ____ ____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated ____________ herewith ("Agreement") by One River School Franchising, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________________________ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation, and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New Jersey (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of New Jersey and the United States District Court located in or serving Bergen County, New Jersey and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR	**PERSONAL GUARANTOR**
______________________________	______________________________
Personally and Individually (Printed Name)	Personally and Individually (Printed Name)
______________________________	______________________________
Personally and Individually (Signature)	Personally and Individually (Signature)
HOME ADDRESS	HOME ADDRESS
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
TELEPHONE NO.:	TELEPHONE NO.:
______________________________	______________________________
PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%	PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____
____
____

TELEPHONE NO.:
____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____
____
____

TELEPHONE NO.:
____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____
____
____

TELEPHONE NO.:
____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____
____
____

TELEPHONE NO.:
____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS; OPERATING PRINCIPAL

Holders of Legal or Beneficial Interest:

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________
Percentage of ownership:__________%

Officers and Directors:

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________

Name:________________________________
Position/Title:__________________________
Home Address:__________________________
____
____
Telephone No.:__________________________
E-mail address:__________________________

Name:______________________________	Name:______________________________
Position/Title:________________________	Position/Title:________________________
Home Address:_______________________	Home Address:_______________________
___________________________________	___________________________________
___________________________________	___________________________________
Telephone No.:_______________________	Telephone No.:_______________________
E-mail address:_______________________	E-mail address:_______________________

<u>EXHIBIT 6 TO THE FRANCHISE AGREEMENT</u>

PROTECTED AREA ADDENDUM

Protected Area. As stated in sections 2.5 and 2.6 of the Franchise Agreement, the Protected Area under this Agreement shall mean:

____
____
____
____
____
____
____
____
____
____

Map. The map of the Protected Area is attached hereto.

FRANCHISEE:	FRANCHISOR:
________________________________	One River School Franchising, LLC
By:____________________________	By:____________________________
Title:__________________________	Title:__________________________
By:____________________________	
Title:__________________________	

EXHIBIT 7 TO THE FRANCHISE AGREEMENT

INTERNET WEBSITES, TELEPHONE AND LISTING AGREEMENT

THIS INTERNET WEB SITES, TELEPHONE AND LISTINGS AGREEMENT (the "**Internet and Telephone Listing Agreement**") is made and entered into as of ___________________ (the "**Effective Date**"), by and between One River School Franchising, LLC (the "**Franchisor**"), and ______________, a ______________________ (the "**Franchisee**").

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "**Franchise Agreement**"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet and Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet and Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites, Telephone Numbers and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, social media platforms such as social networking website, including but not limited to Facebook, SnapChat, LinkedIn, Twitter (X), Pinterest, or any blogs or other bulletin boards, or chat rooms, other networking and share sites (collectively, the "**Internet Web Sites**") and to those certain telephone numbers and regular, classified, and yellow-page (collectively, the "**Telephone Numbers**"), including the right to hyperlink to certain web sites and listings on various Internet search engines and other telephone directory listings ("**Listings**"), related to the Franchise or the Marks (all of which right, title, and interest is referred to herein as "**Franchisee's Interest**").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "**Internet**

Companies") and all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "**Telephone Companies**") with which Franchisee has Internet Web Sites, Telephone Numbers and/or Listings to: (i) transfer all of Franchisee's Interest in such Internet Web Sites, Telephone Numbers and/or Listings to Franchisor, (ii) provide Franchisor with primary administrative access to such Internet Web Sites, and (iii) execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Telephone Numbers and/or Listings, Franchisee will immediately direct the Internet Companies and Telephone Companies to terminate such Internet Web Sites, Telephone Numbers and/or Listings or will take such other actions with respect to the Internet Web Sites, Telephone Numbers and/or Listings as Franchisor directs. In the event that Franchisor accepts one or more Internet Web Sites, Telephone Numbers and/or Listings, Franchisor agrees to assume and be responsible for all obligations and liabilities with respect to such Internet Web Sites, Telephone Numbers and/or Listings. Notwithstanding the foregoing, if Franchisee uses their personal cell phone number, they shall be exempt from this section 2.2.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under this Internet and Telephone Listing Agreement, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet and Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation, this Internet and Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies and Telephone Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Telephone Numbers and/or Listings to Franchisor, in such case Franchisor shall assume and be responsible for all obligations and liabilities with respect to the Internet Web Sites, Telephone Numbers and/or Listings;

2.3.2 Direct the Internet Companies and Telephone Companies to terminate any or all of the Internet Web Sites, Telephone Numbers and Listings; and

2.3.3 Execute the Internet Companies' or Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee shall use its best efforts to direct the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies and Telephone Companies have duly transferred all Franchisee's Interest in such Internet Web Sites, Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites, Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the sums Franchisee is obligated to pay such Internet Companies and Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Franchisee's Interest (and Franchisor shall become liable for any sums to be paid to the Internet Companies and/or Telephone Companies for obligations incurred on and after the date Franchisor duly accepted the transfer of such Interest), or for any other obligations not subject to the Franchise Agreement or this Internet and Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement provided that Franchisor prevails in its efforts to enforce this Agreement, which reasonable costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee shall indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that they are related to or are based on Franchisee's breach of this Internet and Telephone Listing Agreement, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisor's gross negligence or willful misconduct. Franchisor shall indemnify, defend, and hold harmless Franchisee and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors of any and all of them, from and against, and will reimburse Franchisee and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations to the extent that are related to or are based on Franchisor's breach of this Internet and Telephone Listing Agreement, including, but not limited to, Franchisor's failure to assume or pay any claim or obligation to the Internet Companies incurred on and after the date Franchisor duly accepted the transfer of such Interest, unless the claims, obligations or damages are determined to be caused in whole or in part by Franchisee's negligence, fault or willful misconduct.

3.2 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites, Telephone Numbers and Listings.

3.3 Further Assurances. Franchisee agrees that at any time after the date of this Internet and Telephone Listing Agreement, Franchisee shall perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet and Telephone Listing Agreement.

3.4 Successors and Assigns. All of Franchisor's rights and powers, and all of Franchisee's obligations, under this Internet and Telephone Listing Agreement shall be binding on Franchisee's successors and assigns as if they had duly executed this Internet and Telephone Listing Agreement.

3.5 Effect on Other Agreements. Except as otherwise provided in this Internet and Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.6 Survival. This Internet and Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.7 Joint and Several Obligations. All Franchisee's obligations under this Internet and Telephone Listing Agreement shall be joint and several.

3.8 Governing Law. This Internet and Telephone Listing Agreement shall be governed by and construed under the laws of the State of New Jersey without regard to the application of Alabama conflict of law rules.

3.9 Counterparts. This Internet and Telephone Listing Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Internet and Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:	FRANCHISEE:
ONE RIVER SCHOOL FRANCHISING, LLC	
By:	By:
Name:	Name:
Title:	Title:

<u>EXHIBIT 8 TO THE FRANCHISE AGREEMENT</u>

STATE AMENDMENTS TO FRANCHISE AGREEMENT

ILLINOIS AMENDMENT
TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ______, 20__, will be amended as follows:

1. Illinois law governs the Franchise Agreement.

2. In conformance with <u>Section 4</u> of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon termination and non-renewal are set forth in <u>Sections 19 and 20</u> of the Illinois Franchise Disclosure Act.

4. In conformance with <u>Section 41</u> of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________ (title)	Its: ______________________________ (title)

INDIANA AMENDMENT TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ___ , 20_, will be amended as follows:

1. The laws of the State of Indiana supersede any provision of the Franchise Agreement or New Jersey Law if such provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law.

2. The following language is added to 16.4 of the Franchise Agreement:
   ", except that the general release provisions shall not apply to any liability under the Indiana Deceptive Franchise Practices Law."

3. Choice of forum for litigation will not be limited to the State of New Jersey.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: ______________________	By: ______________________
Its: ______________________ (title)	Its: ______________________ (title)

MARYLAND AMENDMENT
TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ___ , 20__, will be amended as follows:

1. The following language is added to Section 18 of the Franchise Agreement:

   ", except that the general release required as a condition of renewal, sale and assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to Section 24 of the Franchise Agreement:

   "Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., Sections 14-201 through 14-233) shall be commenced within three (3) years after the grant of the franchise."

3. The following language is added to Section 18 of the Franchise Agreement:

   "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."

4. Section 24 and Exhibit 9 of the Franchise Agreement is hereby deleted in its entirety.

5. Arbitration. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The Maryland Office of Attorney General's Division of Securities requires us to escrow payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: ____________________	By: ___________________________
Its: ____________________ (title)	Its: ___________________________ (title)

MINNESOTA AMENDMENT
TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

Company and Franchisee hereby agree that the Franchise Agreement dated _____________, 20__, will be amended as follows:

1. Section 14 of the Franchise Agreement is amended to add the following language:

   > "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. Section 24 of the Franchise Agreement is amended to read as follows:

   > "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

3. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Section 24 of the Franchise Agreement is amended as follows:

   > "Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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 laws of the jurisdiction."

5. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section 21.12 of the Franchise Agreement is amended as follows:

   > "Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J. Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

6. Section 21 is amended to read as follows:

> “Company may seek injunctive relief, without bond if determined by the court of competent jurisdiction that a bond is not required, against Franchisee restraining the unauthorized use of any Mark or Copyrighted Materials, or the unauthorized use or disclosure of Company’s confidential information.

7. Section 21 is amended to read as follows:

> “Company may, at its option, seek injunctive and other equitable relief against Franchisee from any court of competent jurisdiction;”

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: __________________________	By: __________________________
Its: __________________________ (title)	Its: __________________________ (title)

NEW YORK AMENDMENT
TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated _______, 20____, will be amended as follows:

Section 16.1 of the Franchise Agreement is amended by adding a subsection stating:

"Franchisee may terminate this Agreement upon any grounds available at law."

The following is added to Section 24 of the Franchise Agreement:

"This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	___________________________________
By: ______________________________	By: ______________________________
Its: ______________________________ (title)	Its: ______________________________ (title)

**NORTH DAKOTA AMENDMENT
TO FRANCHISE AGREEMENT**

Company and Franchisee hereby agree that the Franchise Agreement dated ______, 20____, will be amended as follows:

1. Section 16.2 of the Franchise Agreement is amended to add the following:

   "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

2. Any provision in the Franchise Agreement which requires the Franchisee to sign a general release upon renewal of the Franchise Agreement is hereby deleted from any Franchise Agreement issued in the State of North Dakota.

3. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or New Jersey law if such provisions are in conflict with North Dakota law. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________ (title)	Its: ______________________________ (title)

OHIO
Notice of Cancellation

(FOR OHIO FRANCHISEES ONLY)

________________________(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five 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 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 twenty 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, or send a telegram, to One River School Franchising, LLC at 49 North Dean Street, Englewood, NJ 07631, not later than midnight of (enter date).

I hereby cancel this transaction.

______ ____________________
(Date) (Purchaser's signature)

RHODE ISLAND AMENDMENT
TO FRANCHISE AGREEMENT

Company and Franchisee hereby agree that the Franchise Agreement dated ______, 20____, will be amended as follows:

1. The laws of the State of Rhode Island supersede any provisions of the Franchise Agreement, the other agreements or New Jersey law if such provisions are in conflict with Rhode Island law.

2. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Rhode Island, is deleted from any Franchise Agreement issued in the State of Rhode Island.

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	______________________________
By: ______________________________	By: ______________________________
Its: ______________________________ (title)	Its: ______________________________ (title)

WASHINGTON AMENDMENT
TO FRANCHISE AGREEMENT

The provisions of this Amendment form an integral part of, are incorporated into, and modify the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Amendment applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the Franchise Agreement or related agreements concerning your relationship with the Company, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the Franchise Agreement or related agreements concerning your relationship with the franchisor. Franchise Agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the Franchise Agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the Franchise Agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the Company's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the Franchise Agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the Company to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the Franchise Agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the Franchise Agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the Franchise Agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the Franchise Agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the Company or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the Company or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the Franchise Agreement or related agreements require a franchisee to reimburse the Company for court costs or expenses, including attorneys' fees, such provision applies only if the Company is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the Franchise Agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators**. Any provision in the Franchise Agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment

Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

IN WITNESS WHEREOF, Company and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

COMPANY:	Franchisee:
One River School Franchising, LLC	________________________________
By: ____________________________	By: ____________________________
Its: ____________________________ (title)	Its: ____________________________ (title)

EXHIBIT 9 TO FRANCHISE AGREEMENT

LEASE ADDENDUM

Addendum to Lease

This Addendum to Lease ("Addendum"), dated _____________, 20__, is entered into between ____________________ ("Landlord") and ____________________ ("Tenant").

R E C I T A L S

The parties have entered into a Lease Agreement, dated ________, 20__ (the "Lease), pertaining to the premises located at ______________________________ (the "Premises").

The Landlord acknowledges that Tenant intends to operate a One River School ("School") from the Premises pursuant to Tenant's Franchise Agreement with One River School Franchising, LLC ("Franchisor") dated __________________ (the "Franchise Agreement"), whereby Tenant will utilize the One River School name and the One River Marks as Franchisor may designate in the operation of the School at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its School on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

A G R E E M E N T S

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any renewal Franchise Agreement under which Tenant may operate a School on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

2. Assignment By Tenant.

(a) Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Franchisor.

(a) Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have fifteen (15) days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee ("Franchisor Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation.

(b) If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease.

(a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within thirty (30) days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above.

(b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for thirty (30) days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3(a) or 4(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence,

to remove all signs and all other items identifying the Premises as a One River School and to make such other modifications (such as repainting) as are reasonably necessary to protect the One River Marks and System, and to distinguish the Premises from a One River School. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Assumption and Subsequent Assignment By Franchisor. If Franchisor elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a One River School franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the One River School pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

8. Additional Provisions.

(a) Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant 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 affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations, or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

(c) All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address:

If intended for us, addressed to:

Chief Executive Officer
One River School Franchising, LLC
49 North Dean Street
Englewood, NJ 07631

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

9. Sales Information. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales or other information obtained or received relating to the operation of the One River School.

10. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

11. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of ________________________, _______.

LANDLORD: ___________________________________

By:________________________________

Print Name:__________________________

Title:______________________________

FRANCHISEE: ___________________________________

By:________________________________

Print Name:__________________________

Title:______________________________

EXHIBIT 10 TO THE FRANCHISE AGREEMENT

ACKNOWLEDGMENT ADDENDUM TO ONE RIVER SCHOOL FRANCHISE AGREEMENT

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.

DO NOT SIGN THE STATEMENT OF PROSPECTIVE FRANCHISEE QUESTIONNAIRE IF YOU ARE A RESIDENT OF MARYLAND OR THE BUSINESS IT TO BE OPERATED IN MARYLAND. THE SECTION 24 AND EXHIBIT 9 DO NOT APPLY TO MARYLAND FRANCHISEES.

As you know, you and we are entering into a Franchise Agreement for the operation of a One River School franchise. The purpose of this Acknowledgment Addendum 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, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

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

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Acknowledgments and Representations

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: (__) Yes (__) No. If no, please comment: ____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: ___________________
____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one (__) Yes (__) No. If no, please comment: __________
____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one: (__) No (__) Yes. If yes, please state in detail the oral, written or visual claim or representation: ______________________
____

5. Did any employee or other person speaking on behalf of One River School Franchising, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any One River School location or business, or the likelihood of success at your franchised business? Check one: (__) No (__) Yes. Did any employee or other person speaking on behalf of One River School Franchising, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: (__) No (__) Yes. If yes, please comment: _________
____

7. Do you understand that that the franchise granted is for the right to operate the Business in the Protected Area, as stated in Section 2.5, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, outside of your Protected Area using any trademarks and other forms business using different marks both inside and outside your Protected Area using any trademarks, as described in Section 2.7? Check one: (__) Yes (__) No. If no, please comment: ______

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or the Disclosure Document will not be binding? Check one: (__) Yes (__) No. If no, please comment: ___________________
____

9. Do you understand that the success or failure of your Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products and services under the One River trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one (__) Yes (__) No. If no, please comment: ____

10. Do you understand that you are bound by the non-compete covenants (both in term and post term) listed in Section 7 and 17 and that an injunction is an appropriate remedy to protect the interests of the One River School system if you violate the covenant(s)? Further, do you understand that the non-compete covenants is defined broadly in Sections 7 and 17, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default, and termination of the Franchise

Agreement? Check one (__) Yes (__) No. If no, please comment: ___________________
____

11. On the receipt page of the Disclosure Document you identified ____________________________ as the franchise seller(s) involved in this franchise sales process. Are the franchise seller(s) identified above the only franchise seller(s) involved with this transaction? Check one (__) Yes (__) No. If no, please identify any additional franchise sellers involved with this transaction: ____________________________________

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

[Signatures appear on the following page.]

<u>NOTE</u>: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed:______________________________	Signed:______________________________
Print Name:___________________________	Print Name:___________________________
Date:________________________________	Date:________________________________
	APPROVED ON BEHALF OF ONE RIVER SCHOOL FRANCHISING, LLC
Signed:______________________________	By:__________________________________
Print Name:___________________________	Title:________________________________
Date:________________________________	Date:________________________________

EXHIBIT D
TO THE DISCLOSURE DOCUMENT

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EXHIBIT E
TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

ONE RIVER SCHOOL FRANCHISING, LLC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

ONE RIVER SCHOOL FRANCHISING, LLC.

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GHL

GENE H. LEVICK & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

25 Bala Avenue • Suite 203
Bala Cynwyd, PA 19004
(610) 664-2482
Fax: (610) 664-2404
E-mail: GHLCPA@aim.com

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS
ONE RIVER SCHOOL FRANCHISING, LLC.

We have audited the accompanying financial statements of ONE RIVER SCHOOL FRANCHISING, LLC., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, members equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ONE RIVER SCHOOL FRANCHISING, LLC. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bala Cynwyd, PA
February 13, 2026

ONE RIVER SCHOOL FRANCHISING, LLC.

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
ASSETS		
Cash	$245,343	$ 256,740
Other current assets		702
Due from member	1,342,196	1,311,568
Current Assets	1,587,539	1,569,010
TOTAL ASSETS	$1,587,539	$1,569,010
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Accrued expenses		$ 26,600
Due to affiliate	$186,045	235,250
	$186,045	261,850
MEMBER'S EQUITY	1,401,494	1,307,160
TOTAL LIABILITIES AND MEMBER'S EQUITY	$1,587,539	$1,569,010

See auditor's report and accompanying notes to the financial statements.

ONE RIVER SCHOOL FRANCHISING, LLC.

STATEMENTS OF INCOME AND MEMBER'S EQUITY

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES		
Royalties	$133,591	$202,579
Brand Fund	6,209	6,137
Development Fee	14,850	
Other revenue	19,378	28,307
	174,028	237,023
EXPENSES		
Advertising	14,762	35,100
Professional Fees	37,886	42,080
Service Fees	23,400	8,398
Travel and Entertainment	-	161
Miscellaneous Expenses	3,646	1,491
	79,694	87,230
NET INCOME	94,334	149,793
MEMBER'S EQUITY - BEGINNING OF YEAR	1,307,160	1,242,367
MEMBER DISTRIBUTIONS	-	(85,000)
MEMBER'S EQUITY - END OF YEAR	$1,401,494	$1,307,160

See auditors report and accompanying notes to the financial statements.

ONE RIVER SCHOOL FRANCHISING, LLC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$94,334	$149,793
Adjustments to reconcile net income to net cash provided by operating activities		
Other current assets and liabilities	(25,898)	31,378
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	68,436	181,171
CASH FLOWS FROM INVESTING ACTIVITIES		
Due to/from affiliates	(49,205)	215,250
Member Distributions		(85,000)
Due from Member	(30,628)	(82,137)
CASH FLOWS PROVIDED (USED)IN INVESTING ACTIVITIES	(79,833)	48,113
NET (DECREASE) INCREASE IN CASH	(11,397)	229,284
CASH AT BEGINNING OF YEAR	256,740	27,456
CASH AT END OF YEAR	$ 245,343	$256,740

See auditors report and accompanying notes to the financial statements.

NOTE A. SUMMARY OF BUSINESS

Organization and Nature of Business

One River School Franchising, LLC (the Company) is a single member limited liability company organized under the laws of New Jersey. As of December 31, 2025, the Company's sole member is One River School, LLC., a limited liability company organized under the laws of Delaware.

The Company intends to grant franchises for the establishment and operation of a One River School (the School) under a franchise agreement. The School provides individual and group art lessons to students of all ages. In 2025, the Company did not enter into any franchise agreements. During 2025, an affiliate of the Company acquired the assets of the franchise school operating in Port Jefferson, New York. Concurrent with that transaction, that franchise was terminated. As of December 31, 2025, there were two franchise schools open.

During 2025, the franchisee in Frisco, Texas transferred ownership of the franchise. The new franchisee paid the Company a transfer fee of $14,850 pursuant to the franchise agreement.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Franchise and Option Fees

Franchise agreements are generally for a period of 10 years with renewal rights for an additional 20 years. The Company has certain obligations in connection with the franchise agreements, including providing the franchise with site selection guidelines and consultation, initial training, an equipment list, and the Company's operating manual. The Company also provides a minimal amount of pre-opening training. The Company provides advertising and promotional material at the franchisee's expense.

The Company receives an initial franchise fee in consideration for administrative, legal and other costs incurred by the Company prior to the execution of the agreement and gives up the opportunity to sell the franchise to others. The franchise fee is $45,000 and is non-refundable. Franchise fees are due upon execution of the franchise agreement. Revenue is recognized when substantially all significant services to be provided by the Company have been performed, which generally occurs upon the opening of the franchise school.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain franchisees enter into area development agreements. Area development fees are non-refundable and the related agreements require the franchise to open a specified number of schools in the development area within a specified time period or the agreements may be cancelled by the Company. Revenue from area development agreements is deferred and recognized ratably over the term of the agreement, or, as schools in the development area, commence operations, on a pro rata basis to the minimum number of schools required to be open, or at the time the development agreement is effectively cancelled.

Franchise Royalties

In accordance with the terms of the franchise agreements, franchisees are charged a royalty of 9% of gross sales payable monthly, which includes a required contribution of 1% of gross sales to the Company's national advertising fund.

Other Revenue

Other revenues include amounts charged to franchisees for website maintenance and software license fees.

Concentration of Credit Risks

The Company places its cash with high credit quality institutions, which at times, exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all funds are insured up to $250,000 by the FDIC effective January 1, 2013. The Company has not experienced any losses in such accounts and management believes it is not exposed to significant financial risk.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uses of Estimates

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

Income Taxes

The Company has elected to be taxed as a partnership under the Internal Revenue Code (IRC) and state income taxes law. These laws provide that, in lieu of corporate income taxes, the member separately accounts for its pro rata share of the Company's income, deductions, losses and credits. Any taxable income or loss of the Company is included within the member's income for federal and state tax purposes and, as such, the financial statements do not include any material provision for corporate income taxes.

NOTE C – RELATED PARTY TRANSACTIONS

As of December 31, 2025, the Company had amounts due from Member totaling $1,342,196, which represents operating capital provided to the Member by the Company.

One River Management LLC ("OR Management"), an affiliate of the Company, was established in 2022 for the purpose of entering into a management agreement with one of the Company's franchisees. The Company invoiced that franchisee on behalf of OR Management. In June, 2025, an affiliate of the Company acquired the business of the franchisee that was subject to the management agreement.

NOTE D – SUBSEQUENT EVENTS

The Company evaluated events or transactions that occurred subsequent to the balance sheet date, but prior to May 20, 2025, the date the financial statements were available for issuance, for recognition or disclosure. There were no events or transactions that occurred subsequent to the balance sheet date that required recognition or disclosure in the financial statements.

ONE RIVER SCHOOL FRANCHISING, LLC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

ONE RIVER SCHOOL FRANCHISING, LLC.

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS
ONE RIVER SCHOOL FRANCHISING, LLC.

We have audited the accompanying financial statements of ONE RIVER SCHOOL FRANCHISING, LLC., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, members equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express and 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ONE RIVER SCHOOL FRANCHISING, LLC. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gene H. Levick & Company

Bala Cynwyd, PA
May 20, 2025

ONE RIVER SCHOOL FRANCHISING, LLC.

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
ASSETS		
Cash	$ 256,740	$ 27,456
Other current assets	702	5,480
Due from member	1,311,568	1,229,431
Current Assets	1,569,010	1,262,367
TOTAL ASSETS	$1,569,010	$1,262,367
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Accrued expenses	$ 26,600	$
Due to affiliate	235,250	20,000
	261,850	20,000
MEMBER'S EQUITY	1,307,160	1,242,367
TOTAL LIABILITIES AND MEMBER'S EQUITY	$1,569,010	$1,262,367

See auditor's report and accompanying notes to the financial statements.

ONE RIVER SCHOOL FRANCHISING, LLC.

STATEMENTS OF INCOME AND MEMBER'S EQUITY

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
REVENUES		
Royalties	$202,579	$186,299
Brand Fund	6,137	6,149
Other revenue	28,307	18,256
	237,023	210,704
EXPENSES		
Advertising	35,100	932
Professional Fees	42,080	15,195
Service Fees	8,398	8,398
Travel and Entertainment	161	
Miscellaneous Expenses	1,491	920
	87,230	25,445
NET INCOME	149,793	185,259
MEMBER'S EQUITY - BEGINNING OF YEAR	1,242,367	1,057,108
MEMBER DISTRIBUTIONS	(85,000)	
MEMBER'S EQUITY - END OF YEAR	$1,307,160	$1,242,367

See auditors report and accompanying notes to the financial statements.

ONE RIVER SCHOOL FRANCHISING, LLC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$149,793	$185,259
Adjustments to reconcile net income to net cash provided by operating activities		
Other current assets and liabilities	31,378	(9,557)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	181,171	175,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Due to/from affiliates	215,250	(315,170)
Member Distributions	(85,000)	
Due from Member	(82,137)	
CASH FLOWS PROVIDED (USED)IN INVESTING ACTIVITIES	48,113	(315,170)
NET DECREASE IN CASH	229,284	(139,468)
CASH AT BEGINNING OF YEAR	27,456	307,594
CASH AT END OF YEAR	$256,740	$166,924

See auditors report and accompanying notes to the financial statements.

NOTE A. SUMMARY OF BUSINESS

Organization and Nature of Business

One River School Franchising, LLC (the Company) is a single member limited liability company organized under the laws of New Jersey. As of December 31, 2024, the Company's sole member is One River School, LLC., a limited liability company organized under the laws of Delaware.

The Company intends to grant franchises for the establishment and operation of a One River School (the School) under a franchise agreement. The School provides individual and group art lessons to students of all ages. In 2024, the Company did not enter into any franchise agreements. During 2024, an affiliate of the Company acquired the assets of the franchise school operating in Evanston, Illinois. Concurrent with that transaction, that franchise was terminated. As of December 31, 2024, there were three franchise schools open.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Franchise and Option Fees

Franchise agreements are generally for a period of 10 years with renewal rights for an additional 20 years. The Company has certain obligations in connection with the franchise agreements, including providing the franchise with site selection guidelines and consultation, initial training, an equipment list, and the Company's operating manual. The Company also provides a minimal amount of pre-opening training. The Company provides advertising and promotional material at the franchisee's expense.

The Company receives an initial franchise fee in consideration for administrative, legal and other costs incurred by the Company prior to the execution of the agreement and gives up the opportunity to sell the franchise to others. The franchise fee is $45,000 and is non-refundable. Franchise fees are due upon execution of the franchise agreement. Revenue is recognized when substantially all significant services to be provided by the Company have been performed, which generally occurs upon the opening of the franchise school.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain franchisees enter into area development agreements. Area development fees are non-refundable and the related agreements require the franchise to open a specified number of schools in the development area within a specified time period or the agreements may be cancelled by the Company. Revenue from area development agreements is deferred and recognized ratably over the term of the agreement, or, as schools in the development area, commence operations, on a pro rata basis to the minimum number of schools required to be open, or at the time the development agreement is effectively cancelled.

Franchise Royalties

In accordance with the terms of the franchise agreements, franchisees are charged a royalty of 9% of gross sales payable monthly, which includes a required contribution of 1% of gross sales to the Company's national advertising fund.

Other Revenue

Other revenues include amounts charged to franchisees for website maintenance and software license fees.

Concentration of Credit Risks

The Company places its cash with high credit quality institutions, which at times, exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all funds are insured up to $250,000 by the FDIC effective January 1, 2013. The Company has not experienced any losses in such accounts and management believes it is not exposed to significant financial risk.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uses of Estimates

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

Income Taxes

The Company has elected to be taxed as a partnership under the Internal Revenue Code (IRC) and state income taxes law. These laws provide that, in lieu of corporate income taxes, the member separately accounts for its pro rata share of the Company's income, deductions, losses and credits. Any taxable income or loss of the Company is included within the member's income for federal and state tax purposes and, as such, the financial statements do not include any material provision for corporate income taxes.

NOTE C – RELATED PARTY TRANSACTIONS

As of December 31, 2024, the Company had amounts due from Member totaling $1,087,129, which represents operating capital provided to the Member by the Company.

One River Management LLC ("OR Management"), an affiliate of the Company, was established in 2022 for the purpose of entering into a management agreement with one of the Company's franchisees. The Company invoices that franchisee on behalf of OR Management and as of December 31, 2024, owes OR Management $10,000 related to those billings.

NOTE D – SUBSEQUENT EVENTS

The Company evaluated events or transactions that occurred subsequent to the balance sheet date, but prior to May 20. 2025, the date the financial statements were available for issuance, for recognition or disclosure. There were no events or transactions that occurred subsequent to the balance sheet date that required recognition or disclosure in the financial statements.

EXHIBIT F
TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISED SCHOOLS

Oregon:
David Kabaker
19 Tanglewood Drive
Lake Oswego, OR 97035
503-704-4829

Texas:
Artmaker Companies Frisco, LLC
Dean Tarpley
P.O. Box 60174601747
Dallas, Texas 75360
464-362-8136
214-662-2449

EXHIBIT G
TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM

__**New York**__:
JM or Art LLC (c/o Matt Boskin)
Port Jefferson
5070 Nesconset Hwy
Port Jefferson Station, NY 11776
201-396-6853

EXHIBIT H
TO THE DISCLOSURE DOCUMENT

STATE ADDENDA TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE CALIFORNIA FRANCHISE INVESTMENT LAW

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

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

3. Item 3 of the Disclosure Document is amended to provide that:

"neither the franchisor, nor any person in Item 2 of the Disclosure Document, 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. § 78(a) et seq., suspending or expelling such persons from membership in that association or exchange."

4. 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.).

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

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in New Jersey with the costs of the arbitrators' fees and the fees payable to the American Arbitration Association being borne jointly by you and us but you must pay your own legal fees, legal expenses, transportation, and travel accommodations.

7. Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

8. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

10. 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 FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

11. 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.

12. The highest rate of interest allowed in California is ten percent (10%) per annum.

13. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

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

15. **THE REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**.

16. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT

DISCLOSURES REQUIREMENT BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Notwithstanding anything to the contrary in the disclosure document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Connecticut:

1. If the seller fails to deliver the products or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

2. Item 2 of the Disclosure Document is amended to provide that each seller's current address is the address of One River School Franchising, LLC, which is 49 North Dean Street, Englewood, New Jersey 07631.

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE HAWAII FRANCHISE INVESTMENT LAW

1. THESE FRANCHISES WILL BE/HAVE 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 HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

3. THIS 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 THE FRANCHISOR AND THE FRANCHISEE.

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

   Commissioner of Securities
   Department of Commerce & Consumer Affairs
   Business Registration Division
   Securities Compliance Branch
   335 Merchant Street, Room 203
   Honolulu, Hawaii, 96813
   (808) 586-2722

5. Item 3 of the Disclosure Document is amended to provide that:

"neither the franchisor, nor any person in Item 2 of the Disclosure Document, has within the last 10 years, been 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. § 78(a) et seq., suspending or expelling such persons from membership in that association or exchange or is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating to business activity as a result of an action brought by any public agency or department."

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

6. By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE INDIANA FRANCHISE DECEPTIVE FRANCHISE PRACTICES ACT

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall 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 Franchise Agreement, the other agreements or New Jersey law if such provision 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 therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. Item 12 and Section 2.5 of the Franchise Agreement are subject to Indiana Code § 23-2-2.7-1(2) and § 23-2-2.7-2(4) which prohibit us from competing unfairly with you within a reasonable area.

4. No release language set forth in the Disclosure Document or Franchise Agreement, including but not limited to Item 17 or Section 16 thereof, respectively, shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

5. Section 23.1 of the Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.

6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires you to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Maryland:

The following sentence is added to the end of the "Summary" section of Item 17(c) and Item 17(m):

"However, any general release required as a condition for our approval of a transfer, renewal, or assignment of your Franchise Agreement will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law."

1. Item 17(v) is supplemented with the following: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

2. Item 17 is amended by adding the following at the end of the section: "Despite any provision in the Franchise Agreement to the contrary, any claim arising under the Maryland Franchise Registration and Disclosure Law must be commenced within 3 years from the grant of the franchise."

3. Item 17 is amended by adding the following at the end of the section: "The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

4. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

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

6. The Maryland Office of Attorney General's Division of Securities requires us to escrow payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. All of your initial fees will be placed in an escrow account at EagleBank and released to us only after we have completed our pre-opening obligations to you and you are open for business. A copy of the escrow agreement is on file with the Office of Attorney General.

7. A provision in the Franchise Agreement, Section 24 and Exhibit 9, the Statement of Prospective Franchisee Questionnaire is not required for Maryland franchisees.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE MICHIGAN FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the 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.

1. A prohibition on your right to join an association of franchisees.

2. 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 license agreement, from settling any and all claims.

3. 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.

4. A provision that permits us 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 license 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 applied only if (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the license or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

5. 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.

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

7. 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:

   a. The failure of the proposed transferee to meet our then current reasonable qualifications or standards.

   b. The fact that the proposed transferee is a competitor of us or sub-franchisor.

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

d. The failure of you or the proposed transferee to pay any sums we are owed or to cure any default in the license agreement existing at the time of the proposed transfer.

8. 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 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 the franchisor 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 license agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

THE FACT THAT THERE IS A NOTICE OF THIS DISCLOSURE DOCUMENT 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 OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 525 W. OTTAWA STREET, 670 G. MENNAN WILLIAMS BLDG., LANSING, MICHIGAN 48933 (517) 272-7117.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE MINNESOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The following language is added to Item 13 of the Disclosure Document and Section 21 of the Franchise Agreement:

"The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. Item 17 of the Disclosure Document and Section 17 of the Franchise Agreement are amended as follows:

"With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Item 17 of the Disclosure Document is amended to add the following and the following language will appear at the end of Section 21 of any Franchise Agreement issued in the State of Minnesota:

"Pursuant to Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860-4400J, this Section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter 80C."

5. Item 17 of the Disclosure Document and Section 23 of the Franchise Agreement are amended as follows:

"Nothing contained herein shall limited Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J."

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE NEW YORK FRANCHISE LAW

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of New York:

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 “Litigation” is amended by adding the following:

Neither we nor any predecessor, any person identified in Item 2, or any affiliate offering franchises under our 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.

B. Has any 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.

C. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. 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 injunctive 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.

3. Item 17 “Requirements for a franchisee to renew or extend,” Section (c) and “Conditions for franchisor approval of transfer” Section (m) are amended by adding the following at the end of the Summary section:

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

4. Item 17 “Termination” Section (d) is amended by adding the following at the end of the Summary section:

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

5. Item 17 “Choice of forum” Section (v) and “Choice of Law” Section (w) are amended by adding the following at the end of the Summary section:

“The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York”

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, 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.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE NORTH DAKOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Item 17(v) is deleted and is replaced by the following:

(v) Choice of Forum	Section 23.2	North Dakota

2. Item 17(w) is amended by adding the following sentence in the Summary Section:
"The laws of the state of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or New Jersey law if such provisions are in conflict with North Dakota law."

3. North Dakota has determined that requiring a franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, all references to the Franchisee signing a general release upon renewal of the Franchise Agreement are deleted.

4. Summary column (r) in Item 17 of the Disclosure Document and Section 17.2 of the Franchise Agreement prohibit you from owning or being involved with a company or other business within the Approved Location that offers services competitive with those offered, franchised or licensed by us for 2 years after termination or expiration of the Franchise Agreement. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. The Commissioner has held that covenants restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, and are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE RHODE ISLAND FRANCHISE DISCLOSURE ACT

1. Item 17(v) Summary section is amended to read:

"We must litigate in the state and judicial district where we maintain our principal place of business except that to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act."

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE VIRGINIA RETAIL FRANCHISING ACT

Notwithstanding anything to the contrary set forth in the Disclosure Document or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the Commonwealth of Virginia:

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

The following statements are added to 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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

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

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER SOUTH DAKOTA

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

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that trademark issues are to be under the Landham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5A-86, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter, or any rule or order is void.

An acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

ADDENDUM TO THE DISCLOSURE DOCUMENT UNDER THE WASHINGTON FRANCHISE INVESTMENT LAW

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

EXHIBIT I
TO THE DISCLOSURE DOCUMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

PAYEE: ONE RIVER SCHOOL FRANCHISING, LLC

BANK NAME	ACCOUNT #	ABA#	FEIN
____________________	______________	______________	______________

The undersigned Depositor authorizes, requests and instructs the Depository to honor and charge to the designated account specified herein, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the named Payee (that is, One River School Franchising, LLC). Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. This may include but is not limited to payment of royalties, advertising fund contributions, interest, indemnification and defense reimbursements, attorney fees and any and all other costs, charges and amounts of any and every nature, which Payee requests payment of from time to time.

If a debit is not honored, whether with or without cause, intentionally or inadvertently, Depository shall have no liability whatsoever. This authorization shall continue in force until Depository and Payee have each received at least thirty (30) days prior written notification from Depositor of its termination.

Depositor agrees with respect to any action taken pursuant to this authorization that Depositor shall:

(1) indemnify and hold Depository harmless from any loss Depository may suffer from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) indemnify Payee and Depository for any loss arising in the event any such debit shall be dishonored, whether with or without cause, intentionally or inadvertently.

(3) defend at Depositor's own cost and expense any action which may be brought by any person because of action taken by the Depository or Payee pursuant to this request, authorization and instruction, or in any manner arising by reason of Depository's or Payee's participation therein.

Name of Depository:____

Name of Depositor:____

Designated Bank Acct.:____

(Please attach one voided check for this account.)

School Location:____

School #:____

For information call:____

Address:____

Phone #:____

Fax #:____

____
Name of Franchisee/Depositor (please print)

By: ____ Date: ______________________
Signature and Title of Authorized Representative

EXHIBIT J
TO THE DISCLOSURE DOCUMENT

DEVELOPMENT RIGHTS RIDER

DEVELOPMENT RIGHTS RIDER

1. **Background**. This Development Rights Rider (the "Rider") is made between One River School Franchising, LLC ("we," "us," or "our") and ______________________________ ____ ("you" or "your"). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you have signed concurrently with signing this Rider for the development and operation of a specific One River School (the "Franchise Agreement"). We and you are signing this Rider because you want the right to develop additional One River School (besides the School covered by the Franchise Agreement) within a certain geographic area over a certain period of time, and we are willing to grant you those development rights if you comply with this Rider. Capitalized terms not defined in this Rider have the meaning ascribed to them in the Franchise Agreement.

2. **Grant of Development Rights**. Subject to your strict compliance with this Rider, we grant you the right to develop a total of [ ] [( )] One River School (including the One River School covered by the Franchise Agreement), according to the mandatory development schedule described in Schedule A to this Rider (the "Schedule"), within the following geographic area (the "Territory"):

____
____
____

If you (and, to the extent applicable, your affiliated entities, as described in Section 3 below) are fully complying with all of your obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your affiliated entities) for the development and operation of One River School, then during this Rider's term only, we (and our affiliates) will not, except in the situations described below, establish or grant to others the right to establish One River School the physical premises of which are located within the Territory.

You acknowledge and agree that we and our affiliates (and any business that acquires our assets or ownership interests) have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Territory, including, without limitation, those which we reserve in the Franchise Agreement. After this Rider expires or is terminated, regardless of the reason for termination, we and our affiliates (and any business that acquires our assets or ownership interests) have the right, without any restrictions whatsoever, to (a) establish, and grant to others the right to establish, One River School the physical premises of which are located within the Territory and (b) continue to engage, and grant to others the right to engage, in any other activities that we (and they) desire within the Territory.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER AND THAT YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations**. To maintain your rights under this Rider, you must sign franchise agreements for, and then construct, develop, and have open and operating within the Territory, the agreed-upon number of One River School by the dates specified in the Schedule. If your owners establish a new legal entity to operate one or more of the One River School to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "approved affiliated entity" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval to allow that new entity to operate the proposed One River School.

You (and/or your approved affiliated entity) will operate each One River School under a separate franchise agreement with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your affiliated entity and its owners) must sign for each School developed pursuant to this Rider will be our then current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all of the terms of which may differ substantially from any or all of the terms contained in the Franchise Agreement, although the Initial Franchise Fee for that first Franchise Agreement shall be one lump sum payment of Forty-Five Thousand Dollars ($45,000). Despite any contrary provision contained in the newly-signed franchise agreements, your additional One River School within the Territory must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each One River School opened pursuant to this Rider must operate continuously throughout this Rider's term in substantial compliance with its franchise agreement.

4. **Subfranchising and Sublicensing Rights**. This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to operate One River School. Only you (and/or approved affiliated entities) may construct, develop, open, and operate One River School pursuant to this Rider. This Rider also does not give you (or your affiliated entities) any independent right to use the One River trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you comply with its terms.

5. **Development Fee**. As consideration for the development rights we grant you in this Rider, you must pay us, at the same time you sign this Rider, a total of ____________________________ (   ) (the "Development Fee"), which equals (a) the Forty-Five Thousand Dollar ($45,000) Initial Franchise Fee due under the first Franchise Agreement, plus (b) a deposit of Ten Thousand Dollars ($10,000) on the Initial Franchise Fee for each additional One River School you agree to construct, develop, and operate under the Schedule starting with the second Franchise Agreement. You must pay us the balance on the Initial Franchise Fee of Thirty-Five Thousand Dollars ($35,000) when you sign each Franchise Agreement starting with the second Franchise Agreement. The Development Fee is consideration for the rights we are granting you in this Rider and for reserving the Territory for you to the exclusion of others (except as provided in this Rider), is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason. The Development Fee is not refundable despite any provision contained in the Franchise Agreement or any other franchise agreement. However, when you (or your approved affiliated entity) sign a franchise agreement for your second and any subsequent One River Schools to be developed within the Territory, we will apply Ten Thousand Dollars ($10,000) of the Development Fee toward the Forty-Five Thousand Dollar ($45,000) Initial Franchise Fee due for those One River Schools.

6. **Grant of Franchises**. You must submit to us a separate application for each One River School you wish to develop in the Territory. You agree to give us all information and materials we request to assess each proposed School site. We will not conduct site selection activities for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market in the Territory and your ability to locate and access sites. We will not unreasonably withhold acceptance of any proposed site if that site meets our then current site criteria. However, we have the absolute right not to accept any site not meeting these criteria. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials.

If we accept the proposed site, you agree, within the time period we specify (but no later than the date specified in the Schedule), to sign a separate franchise agreement (and related documents) for that School and to pay us the remaining portion of the Initial Franchise Fee due. If you fail to do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site. After you and your owners (or your affiliated entity and its owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations), its terms and conditions will control your construction, development, and operation of the One River School (except that the required opening date and the nonrefundability of the portion of the Initial Franchise Fee included in the Development Fee are governed exclusively by this Rider, as provided in Sections 3 and 5 above).

In addition to our rights with respect to proposed School sites, we may delay your development of additional One River School within the Territory for the time period we deem best if we believe, when you submit your application, that you are not yet operationally, managerially, or otherwise prepared, due to the particular amount of time that has elapsed since you developed and opened your most recent One River School, to develop, open, and/or operate the additional One River School in substantial compliance with our standards and specifications. We may delay additional development for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Term**. This Rider's term begins on the date we and you sign it and ends on the date when (a) the final One River School to be developed under the Schedule has been opened (or, if earlier, must have opened), or (b) this Rider otherwise is terminated.

8. **Termination**. We may at any time terminate this Rider and your right under this Rider to develop One River School within the Territory, such termination to be effective upon delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure; or

(b) if the Franchise Agreement is terminated by us in compliance with its terms or by you for any (or no) reason; or

(c) if any other franchise agreement between us and you (or your affiliated entity) for a One River School is terminated by us in compliance with its terms or by you for any (or no) reason, even if that other franchise agreement was not signed pursuant to your rights under this Rider; or

(d) if we have delivered a formal written notice of default to you under the Franchise Agreement, whether or not you cure that default and whether or not we subsequently terminate the Franchise Agreement; or

(e) if we have delivered a formal written notice of default to you (or your affiliated entity) under any other franchise agreement between us and you (or your affiliated entity) for a One River School(even if that other franchise agreement was not signed pursuant to your rights under this Rider), whether or not you (or your affiliated entity) cure that default and whether or not we subsequently terminate the other franchise agreement. A termination of this Rider is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. A termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment**. Your development rights under this Rider are not assignable at all. This means that we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the Franchise Agreement.

10. **Rider to Control**. Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, the terms of this Rider will control.

Dated this _____ day of ____________, 20__.

ONE RIVER SCHOOL FRANCHISING, LLC	**FRANCHISEE**
	______________________________________ [Name]
By:____________________________________ Title:____________________________ Date:____________________________	By:______________________________
	Date:

SCHEDULE A
TO DEVELOPMENT RIGHTS RIDER

You agree to develop and open [ ] [( )] One River Schools in the Territory, including the School covered by the Franchise Agreement, according to the following Schedule:

School Number	Franchise Agreement To Be Executed By (Date)	School To Be Opened By (Date)	Minimum Cumulative Number of New One River Schools to Be Open and Operating in Territory No Later Than the Opening Date (in previous column)
	Signed concurrently with this Rider		

ONE RIVER SCHOOL FRANCHISING, LLC

By:____
Title:__________________________________
Date:__________________________________

FRANCHISEE

____
[Name]

By:____________________________________

Date:

ONE RIVER SCHOOL FRANCHISING, LLC

STATE EFFECTIVE DATE SUMMARY PAGE

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	**Effective Date**
California	
Illinois	
Maryland	
New York	
Virginia	
Washington	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K
TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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

If One River School Franchising, LLC offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state law in: (a) New York requires that we give you 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; (b) Michigan requires that we 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.

If One River School Franchising, 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, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

Exhibit B contains a list of our agents for service of process.

The name, principal business address, and telephone number of the franchise sellers offering the franchise is: Matthew Ross, Agnes Mauro, and Michelle Miserez, located at 49 North Dean Street, Englewood, New Jersey 07631, and (201) 266-5244.

Date of Issuance: March 31, 2026.

I have received a Franchise Disclosure Document with an issuance date of March 31, 2026. (See the state effective date summary page for state effective dates.) The disclosure document included the following Exhibits and Attachments:

A. List of State Administrators
B. List of State Agents for Service of Process
C. Franchise Agreement, including attachments and state-specific amendments
D. Table of Contents to the Confidential Operations Manual
E. Financial Statements
F. List of One River Schools
G. List of Franchisees that Have Left the System
H. State Addenda to Disclosure Document
I. Electronic Funds Transfer Authorization
J. Development Rights Rider
K. Receipts

Dated:_________________ ____

Individually and as an Officer of the company designated below or of the company to be formed and designated below on formation

____

Printed Name

of____

(a____Corporation)

(a____Partnership)

(a____Limited Liability Company)

[Sign and keep this copy]

RECEIPT

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Printed Name
of____
(a____Corporation)
(a____Partnership)
(a____Limited Liability Company)

[Sign and return this page to us]