www.readingtown.com

Franchise Disclosure Document

ReadingTown

Franchise Disclosure Document

Good Servant, Inc.
A New York Corporation
DBA
Reading Town
"Read, Think, and Present"

44-07 Little Neck Parkway
Little Neck, NY 11363
Phone: 718-229-6400 Fax: 718-229-0038
www.readingtown.com

You will operate a business of tutoring and learning center related services**.** You will provide these services to students from Pre-K to 12th grade, operating under the Marks and using the System of Reading Town.

The Initial Franchise Fee is $35,000.00 for territory A and $25,000 for territory B. The estimated required initial investment including Franchisee fee is ranged from $99,500 (for territory B) to $163,600 (for territory A.)

This disclosure document summarizes certain provisions of Your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you can sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 the Franchise Administration Department at 44-07 Little Neck Parkway, Little Neck, NY 11363, or send e-mail to drsong@readingtown.com.

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

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

ISSUING DATE: December 29th, 2019

STATE COVER PAGE

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Attachment “F” for information about the franchisor, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO ARBITRATE DISPUTES WITH US AND CONDUCT THE ARBITRATION IN THE STATE OF -NEW YORK. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN OTHER STATES.

   THE FRANCHISE AGREEMENT STATES THAT THE STATE OF NEW YORK GOVERNS THE AGREEMENT; AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

   NOTE: THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE EXHIBIT “G”.

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

EFFECTIVE DATE: ____________________

Franchise Disclosure Document

Item 1. The Franchisor, and Any Parents, Predecessors and Affiliates

1.1 Definitions

To simplify this Franchise Disclosure Document, “We” or “we” means Good Servant, Inc, (d/b/a/ Reading Town), the franchisor. Sometimes “Our”, “our”, “Us”, or “us” refers to Good Servant, Inc. (d/b/a/ Reading Town), when appropriate. “You” or “you” means the person who buys the franchise. If you are a legal entity, “you” includes all owners of any equity interest in the entity. “Licensed Business” means the business you will operate under the Franchise Agreement, offering tutoring and learning center services operating under our Marks and following our System.

1.2 Our Names

We do business under our corporate name, Good Servant, Inc, the name “Reading Town”, “Reading Town Education Center”, “Reading Town Academy”, and the words “Read, Think, and Present”, “Reading Kids, Leading Kids”, “Reading the World, Leading the World”, “You are what you read” and brand names such as Tae Learning, Leading Kids, Encore, Ivy Rule, English Miracle, Math 6 Month, Writing 6 Month and RT Prep. We do not do business under any other names.

1.3 Our Address and Agent for Service

Our principal business address is 44-07 Little Neck Parkway, Little Neck, N.Y. 11363. The agent for service in the State of California is Mr. Soon Phil Song at 1222 S. Idaho St. Suite A. La Habra, CA 90631.

1.4 Our Business Form

We are a New York State corporation, organized on October 1, 2001.

1.5 Our Business and Franchises Offered

Under the franchise we offer, you will operate a business that offers tutoring and learning center services in reading, writing, math, and speech. In addition, you will conduct diagnostic assessments and provide academic counseling to parents as well as to students. You will provide these services to students from K to 12th grades, operating under the marks and using the System of Reading Town.

The market for your services is primarily students from K to 12th grades and specifically that segment that seeks academic tutoring in reading, writing, math, and speech. You will compete with other national, regional and local tutoring or learning centers, generally in well-developed markets. Your Licensed Business may operate in close proximity to major competitors. Some competitors will offer many goods and services that are the same as or similar to those you offer. We have four corporate-owned centers and nineteen franchisee centers.

1.6 Prior Business Experience

We do not have any predecessors. We had operated a tutoring business since 1986, starting in Flushing, New York under the name of Good Servant Learning Center. After we had operated ten years, we formed Lord Servant, Inc., doing business as Reading Town, and changed the name of Good Servant Learning Center to Reading Town.

We established Good Servant, Inc. in 2001, and began to standardize systems, and curriculum to share with other prospective franchisees. Then, some Korean educators visited the Reading Town campus in Flushing, New York, and we agreed to start Reading Town businesses first in Korea. In 2002, we established Reading World Inc. in Korea, and opened four Reading Town centers. We registered Reading World, Inc. as a franchisor in Korea in 2004. We have offered franchise of Reading Town for five years starting in 2010 in the U.S., and we have not offered franchises in any other line of business in the U.S.

1.7 Affiliates

Our affiliates include:

1.7.1 Reading Town, LTD, located at #811 Digital ro 243, Guro-gu, Seoul, Korea, which is rendering the internet-based learning service called www.readingtownusa.com.

1.7.2 Reading World, LTD, located at #811 Digital ro 243 Guro- gu, Seoul, Korea, which supports more than fifty-one Reading Town franchisees in Korea.

1.8 Laws Affecting Your Licensed Business

In most states you do not have to obtain a license from the state, but some may require a license.

There may be many federal, state and local regulations specific to the operation of a tutoring and learning center business. You will also be subject to state and local licensing laws, codes, and regulations, particularly as they relate to the operation of a tutoring and learning center business. There may be other laws applicable to the business and we urge you to make further inquiries about these laws. You should consult a lawyer with experience dealing with tutoring and learning center issues to be sure you are familiar with the current statutes and regulations that might apply within your territory.

There are, of course, statutes and regulations that are common to all businesses, including those governing health and labor issues, zoning and safety. You should obtain a complete copy of the relevant statutes and regulations of the Federal government and of your state and discuss them with your attorney. You should also investigate applicable county and city ordinances and regulations.

Item 2. Business Experience

Dr. Soonho (Joshua) Song
President and CEO

Dr. Soonho Song founded Reading Town in 1986 and has been engaged in the tutoring business since then. He has worked as President and CEO, representing Reading Town since January 1st, 2001.

Mrs. Seonyong (Sarah) Song
Vice President and CFO

Mrs. Seonyong Song has been working for Good Servant, Inc. since January 1st, 2001. She has been in charge of developing the curriculum and managing finances. Mrs. Song is working for Good Servant, Inc. as a vice president and chief finance officer.

Mrs. Insook (Monica) You
Director of Franchisee Support

Mrs. Insook (Monica) You has been working for Reading Town since Feb. 3rd, 2006. Her duties include providing franchisees with relevant support for the operation of the Reading Town program**.** Mrs. You is also in charge of offering training in our computer systems, such as the C/S program, the ELG program, and the E-Scan program to new franchise owners, managers, and academic directors.

Mrs. Julie Hong
Asst. Director of Franchisee Support

Mrs. Julie Hong has been working for Reading Town since August 1st, 2007, and her duties include contacting prospective franchisees, training them, and providing them with assistance relevant to the proper operation of the Reading Town program.

Mrs. Jennifer Han
Asst. Director of Franchisee Support

Mrs. Jennifer Han has joined the staff at Reading Town as an assistant director of franchisee support on Oct. 1st.2013. Before she joined Reading Town, she ran a liquor store called Han's Thrifty Liquor at College Point, NY with her husband for 10 years. Her duty at Reading Town is to provide franchisees with assistance and support relevant to the proper operation of the Reading Town program.

Mr. Wonkook Cho
Director of Logistics

Mr. Wonkook Cho has been working for Reading Town, starting on Nov. 1st, 2018, and before he joined Reading Town, he used to work for VTI, a digital design company in Farmingdale, New York for 18 years as president. His duties at Reading Town are to prepare the initial materials for new franchisees, to place order of books with publishers, to supervise import of printed workbooks from overseas, and to maintain records of material stock and inventory.

Item 3. Litigation

3.1 No Pending Litigation

Neither READING TOWN nor any the person identified in Item 2 have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against such person alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

3.2 No Prior Litigation

Neither READING TOWN nor any person identified in Item 2 has been convicted of a felony or pleaded no contest to a felony charge or, during the ten year period immediately preceding the effective date of this offering circular, been convicted of a misdemeanor or pleaded no contest to a misdemeanor charge or been held liable in any civil action by a final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved the violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

3.3 No Injunctive or Restrictive Orders

Neither READING TOWN nor any person identified in Item 2 is subject to any currently effective injunctive or restrictive order or decree relating to the Franchises or any federal, state, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency. Neither READING TOWN nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange suspending or expelling any such person from membership in such association or exchange.

Item 4. Bankruptcy

Reading Town, the affiliates in Item 1.7, and officers identified Item 2 have not been adjudged bankrupt or reorganized due to insolvency, or involved as a debtor in proceedings under the US Bankruptcy Code required to be disclosed in this Item, or was a principal officer of any company or a general partner of any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that the officer held such position in such a company or partnership. No such company or person is the subject of any bankruptcy or reorganization proceeding.

Item 5. Initial Fees

5.1 Initial Fee

There are two types of territories in Reading Town: Territory A and Territory B. The Initial Franchise Fee is $35,000 for Territory A and $25,000 for Territory B.

Territory A has more than 5,000 school-age children (5-17 years old), and Territory B has less than 5,000 school-age children (5-17 years old). All figures are based on data from latest U.S. Census Bureau. Each Territory is delineated by geographical or political boundaries, streets or an area within a specified radius from an identified point. Your license permits you to operate one Reading Town within your Territory. Regarding the details of territory specification, please refer to Item 12.

5.2 Payment of Initial Fee

A deposit in the amount of $5,000.00 is payable in certified check payable to Reading Town, upon signing the Reading Town Application for Franchise (Attachment I-A or I-B). The balance of the Initial Fees ($30,000 for territory A, and $20,000 for territory B, respectively) is payable in full, in certified check payable to Reading Town, upon signing the Agreement which will be within seven (7) days after We approve Your application.

5.3 Refund of Initial Franchise Fee

If We disapprove Your application for a franchise for any reason before You sign the Franchise Agreement, We will refund Your deposit in full. After We have approved Your Application, We will not refund the Initial Franchise Fee except if, through no fault of You, We determine that You have not successfully completed the initial training. If that happens, We will refund one-half of the Initial Franchise Fee. We will determine whether You have successfully completed the initial training based upon knowledge test results and Our observations of Your ability to use the knowledge which You will obtain from training effectively.

Item 6. Other Fees

Type of fee	Amount	Due Date	Remarks
Royalty Fee*	8% of Gross Revenues, or $800 per month, if greater. See Note A.	Payable monthly by Electronic Funds Transfer. Funds must be in Your designated bank account in time so that We can obtain them by 10th of the month following the month for which You pay the Royalty Fee.	Gross Revenues includes the full price of all services You sell, whether or not, You have received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees You are required to collect on behalf of the government. Gross Revenues are calculated at the time You sell the services, without regard to when You receive or expect to receive payment.
National Marketing Fee*	2% of Gross Revenues or $100 per month, if greater; We reserve the right to increase the National Marketing Fee to not more than 4%. See Note B.	Payable monthly by Electronic Funds Transfer. Funds must be in Your designated bank account in time so that We can obtain them by 10th of the month following the month for which You pay the National Marketing Fee.	Gross Revenues includes the full price of all goods and services You sell, whether or not You have received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees You are required to collect on behalf of the government. Gross Revenues are calculated at the time You sell the goods or services, without regard to when You receive or expect to receive payment
Local & Co-op Marketing	3% of Gross Revenues per month. See Note F.	Monthly	You must spend at least 3% of Gross Revenues on local and co-op marketing, in addition to the National Marketing Fee. If there are two or more Franchises in a marketing area, as We determine, You must participate in the co-op marketing and contribute moneys as determined by a participating franchisees.

Type of fee	Amount	Due Date	Remarks
Additional Training*	$500 per person. In addition, You are solely responsible for all compensation, salaries, benefits and travel-related expenses for Yourself or any employees. See Note C.	In advance of the training program(s)	You and Your manager/Academic Director must complete the initial training (cost included in the Initial Fee for the first two persons trained) and certain additional training at Your cost. If you hire a new staff or replacement, You will be responsible for the cost of training for that person after We have trained two (2) people for you.
Transfer or assignment *	$7,500 See Note D.	Before completing transfer	Payable only if You sell Your franchise or any part of Your business. Fee is $500 if You transfer to a corporation or other entity with the same identical ownership and control.
Audit (less than 3% under reporting)*	1.5% per month interest on amount of underpayment plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues, but by less than 3 percent.
Audit (3% or more under reporting)*	2.5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Payable only if an audit reveals that You have under reported Gross Revenues, but more than 3 percent.
Renewal*	$15,000 for territory A and $10,000 for territory B. See Note E.	Before consummating Renewal	
E-Scan fee	$1,000 for 100 coupons	Due when you order coupons	Each coupon costs $10 for one diagnostic test of E-scan. You should pay $1,000 for every 100 coupons.

***** These fees are uniformly imposed and collected only by Reading Town. All fees are non- refundable.

Notes Regarding Other Fees:

NOTE A. ROYALTY FEES

You will pay a monthly Royalty Fee. You will pay by electronic funds transfer. We may, upon 30 days prior written notice, require You to pay Royalties by check, pre-authorized check, electronic funds transfer or similar mechanism. We may, upon notice, require You to pay Your Royalty Fees on a different periodic basis.

NOTE B. NATIONAL MARKETING FEES

As of now, We have not started national marketing yet. National marketing fees will not be collected until national marketing starts. National marketing launching date will be determined by sole direction of Reading Town. If national marketing starts, You will pay a monthly national marketing fee. You will pay the National marketing fee in the same manner and at the same time as your royalty fee. We may require You to pay National marketing fees by check, pre-authorized check, electronic funds transfer or similar mechanism. National marketing fees are in addition to Your local and regional marketing obligation and any assessments made by a local marketing cooperative. We may, upon notice, require You to pay Your national marketing fees on a different periodic basis.

NOTE C. TRAINING EXPENSE

Initially, You must have two full-time people working the business, one of whom must be You. One must be responsible for business operations and management; the other must be, at all times, a Certified Manager or Academic Director. Both of you must successfully complete Our initial training program. We will decide whether You and Your Academic Director successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively. In addition to successfully completing our initial training program, your manager or Academic Director must have at least one year of work experience in an education-related industry, or field experience.

During your franchise term, We will provide initial training to You and one additional person as part of your Initial Fee. After the first two persons, You must bear the cost of training additional Academic Directors or managers. In all cases, You are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees.

If You obtain a new or replacement manager or academic director, You will be responsible for the cost of the training for that person after We have trained two (2) people for You. We charge $500 per person.

In addition, We may require You or Your manager or academic director to attend additional training at a location We determine. You must pay $300 per person for additional training. In any event, You are solely responsible for all salaries, compensation, benefits and travel-related expenses of trainees.

We may provide or make available training materials and equipment for You or Your employees and may charge a fee. All training materials are Trade Secrets. You must require any of Your employees to successfully complete any training program(s) if We designate them as mandatory.

NOTE D. TRANSFER OR ASSIGNMENT FEE

You are not allowed to transfer or assign Franchise right within one (1) year of operation under any circumstances. After one (1) year of operation, assignment is possible under the following conditions, if Reading Town agrees: 1) Franchisee must obtain the written approval of Reading Town regarding assignment; 2) In that case, Franchisee has to pay Reading Town USD$7,500 as a transfer fee, and the assignee has to pay Reading Town USD$7,500 as a processing fee; 3) This assignment shall be not effective until the financial obligation of Franchisee to Reading Town is paid in full; 4) Reading Town shall provide the new buyer with the necessary training, but Franchisee shall have to transfer all business-related details to the new buyer for at least two (2) weeks.; 5) Both Franchisee and the new buyer shall be responsible for any outcomes of assignment which is not authorized by Reading Town. Reading Town shall be exempted for any consequence caused by unauthorized assignment.

NOTE E. RENEWAL FEE

After expiration of the term of this Agreement, if Reading Town has made a business decision, in Reading Town's sole discretion, to continue the Reading Town Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement. The renewal fee is $15,000 for territory A and $10,000 for territory B. The renewal fee should be paid by certified check payable to Reading Town, upon signing Franchise Agreement. There is no further renewal fee for next renewal of the Agreement after the first renewal fee is paid.

NOTE F. LOCAL and CO-OP MARKETING

The membership of the cooperative for Co-op marketing is defined as all franchisees, including franchisor-owned outlets, located within the same county or metropolitan areas where the effects of co-op marketing are covered. We have the power to form the cooperative, but We don't have power to change, dissolve, or merge the cooperative in the specific area since administering of cooperative is autonomous. Cooperative administers it by participating franchisees although there are no written governing documents yet except this clause. All franchisees in the same cooperative should participate in it, and all decision for choice of the media, marketing mix, or total co-op marketing expenses, etc. is to be determined by participating franchisees in the same cooperative. The franchisees in the same cooperative should pay the same rate of marketing expenses, and if there is any franchisor-owned outlet in the same cooperative, it should pay the same rate as other franchisees. Since franchisees conduct also their own local marketing, the total marketing expenses for both local and co-op marketing should be more than 3% of gross revenue per month.

Item 7. Estimated Initial Investment

7.1 Estimated Initial Investment table

This table lists your initial investment to open Reading Town. It will help you to estimate the realistic budget to start Reading Town business.

	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM MADE
Initial Fee (Note A)	$25,000	$35,000	Lump Sum	$5,000 with application; $30,000 (for territory A), and $20,000 (for territory B) within 7 days after We approve application.	Reading Town
Travel & Living Expenses While Attending Initial Training	$2,500	$4,000	As Incurred	Before, During & After Training	Vendors, Airlines, Hotels, Car Rental Companies, etc.
Real Estate Rental & Security Deposit (Note B)	$2,000	$4,000	As agreed with Landlord or Mortgage Lender	As Arranged	Landlord or Mortgage Lender
Leasehold Improvements (Note C)	$1,000	$4,000	As Incurred	As Arranged	Landlord, Lender or Contractor(s) and Vendors
Equipment (Note D)	$12,000	$19,000	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Furniture, Office Equipment & Software	$3,500	$12,500	As Incurred	As Arranged	Vendors, Leasing Cos or Lender
Signs	$500	$1,000	As Arranged	As Arranged	Us, Vendors, Leasing Cos or Lender
Licenses	$200	$600	Lump Sum	Before Opening	State, County, City
Grand Opening Seminar and event (Note E)	$800	$5,000	As Incurred within first 30 days	As Incurred within first 30 days	Reading Town & Vendors

Marketing & Marketing Fees (Note F)	$7,500	$10,000	As Incurred.	As Incurred	Advertising Media Vendors
Insurance (Note G)	$2,500	$3,500	As Arranged	As Arranged	Insurance Companies
Legal Fees (Note H)	$1,000	$5,000	As Incurred	As Incurred	Your Lawyer
Opening Inventory of Supplies	$30,000	$35,000	As Arranged	As Arranged	Reading Town
Additional Funds (3 months) (Note I)	$10,000	$20,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
Miscellaneous Opening Costs (Note J)	$1,000	$5,000	As Incurred	As Incurred	Vendors, Suppliers, Utilities, Tradesmen, Deposits etc.
Total	$99,500	$163,600			

Notes Regarding Initial Investment:

NOTE A: INITIAL FEE

A deposit in the amount of $5,000 is payable in cash upon signing the Reading Town Application for Franchise (Attachment I-A or I-B). The balance of the Initial Fees ($30,000 for territory A, and $20,000 for territory B, respectively) is payable in full, in certified check payable to Reading Town, upon signing the Agreement which will be within seven (7) days after We approve Your application.

NOTE B: REAL ESTATE RENTAL & SECURITY DEPOSIT

You must obtain and maintain a business office and sufficient space that meets our requirements. If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate rental. If not, lease situations will vary in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit and advance rental required. Location is a very major factor in the amount of rent required. These estimates may not cover advance rental deposits, insurance and similar expenses. You may elect to own Your own Premises, in which case it is not possible for Us to estimate the cost because of the wide variations in price and financing options. If You rent real estate for the Premises, You may be liable for the entire term of the lease whether or not You succeed in the Licensed Business. You should consult Your lease documents and your attorney. Your cost of obtaining real estate could be higher if you request us to send a person to your Territory to assist you in connection with your acquisition.

NOTE C: LEASEHOLD IMPROVEMENTS

The cost could be higher if You or Your landlord request changes from the standard design and materials.

If You already lease or own Premises, You should review Your lease or purchase documents to evaluate the cost of real estate leasehold improvements. If not, lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost. Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost. You should attempt to determine Your costs and financing options before deciding on Premises.

Even if You are taking over or continuing in an existing Reading Town Premises or another existing facility, We may require that You remodel, redecorate or make other changes to the Premises to comply with Our specifications, at Your cost. You must maintain the Premises, at Your expense, including furniture, fixtures, interior and exterior paint and landscaping, in accordance with the Our specifications.

NOTE D: EQUIPMENT

If You are buying a fully equipped outlet from Us, the cost of mandatory equipment will be within this range. If You purchase from another franchisee or if you elect to acquire Your mandatory equipment from other sources, it may cost more. We are not obligated to offer your business on a fully equipped basis.

Equipment amounts include 6 laptop computers or desktop computers.

The cost of equipment could vary widely depending primarily upon Your circumstances. Some new franchisees will have existing businesses and will already have some of the equipment they will need. This may or may not be Your situation. However, even if You have an existing Reading Town business that is fully equipped, You may need additional or different equipment if You are expanding Your operations or to comply with Our standards. There are factors beyond Our control that could cause You to invest more in equipment.

If You lease the equipment, that may increase Your monthly fixed expenses. If You borrow money to purchase the equipment, that may increase Your monthly fixed expenses.

NOTE E: GRAND OPENING SEMINAR AND EVENT

You should offer at least two Grand Opening Seminars to prospective parent in your territory. You should pay Reading Town USD$400 for each seminar. Besides, we recommend a “grand opening” appropriate for Your community, competitive situation and similar factors. The cost of a grand opening is difficult to estimate with accuracy because of local market factors, including the types of marketing media available, the cost of marketing space or time and the local competitive situation. We estimate that, in most areas, You can accomplish an adequate grand opening for between $3,000 and $5,000, although, because of local conditions, You may decide that more or less is necessary.

NOTE F: MARKETING AND MARKETING FEE

This estimate includes the average local and cooperative marketing expenses the existing Reading Town franchisees used to spend before they started Reading Town business. Marketing mix includes direct mail, newspaper advertisement, internet marketing, brochures, free gifts, etc. This estimate does not include any extraordinary initial marketing expense for obtaining employees.

NOTEG: INSURANCE

We require You to purchase and maintain, at Your expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. You must provide Us with one or more certificates of insurance evidencing such coverage and naming Us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Us. Upon Our request You must provide Us with a true copy of any insurance policy, including all endorsements.

NOTE H: LEGAL FEES

Because of the variability of attorney's fees, this is, at best, an estimate. You should check with Your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement. You may need an attorney to assist and advise You in setting up Your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors. Depending upon Your experience and staffing, You may also need accounting services, which might be extra. You should consult Your accountant for an estimate of fees. This estimate does not include accounting or consulting services.

NOTE I: ADDITIONAL FUNDS

This estimates was based on Our experience and average additional funds Our existing Franchisees used to prepare in advance. These estimates include payroll costs and various service costs such as utilities. These estimates do not include owner compensation or return on investment. Your costs will depend on factors such as; local utility rate; local economic conditions; the local market for products and services You offer; the prevailing wage rate; competition; and the sales level You reach during the initial period.

NOTE J. MISCELLANEOUS COSTS

This estimate is for a reserve to cover incidental unexpected costs. You may want to reserve more.

7.2 Going Concern Value Not Included

If You purchase an existing operating Reading Town business from Us or from another franchisee, You should expect to pay, in addition to the estimated initial investment, an amount representing the fair market going concern value of the business. That value might exceed the estimated initial investment. Any purchase of existing business assets and goodwill would be under a separate agreement negotiated between You and the seller.

7.3 Services by Affiliate and others

We may provide certain services to You under the Franchise Agreement by sub-contracting with others, including our Affiliate, to provide them. These arrangements will not result in increased costs to you for the services.

7.4 No Financing

See Item 10. We do not offer financing for any items. Should We establish relationships with sources of possible financing, We would make the information available to You. Financing availability and qualification requirements would probably change and vary widely. If We make financing available to You, We or Our affiliate(s) would expect to make a profit from it. We do not require You to obtain financing from Us or Our affiliate(s).

7.5 No Refunds

We will not refund any of the payments You make except as provided in Item 5 above.

Item 8. Restrictions on Sources of Products and Services

To start or operate a Reading Town business, You must purchase from Us workbooks created by Reading Town and supplies such as Reading Town posters, Reading Town student bags, and flashcards. We have the right to make a profit on items You purchase from Us. Any profits would be within the range of standards in the industry for the item(s) in question. The estimated proportion of these required purchases to all Your purchases in establishing and operating Reading Town is 30 percent.

In the fiscal year of 2019 ending September 30th, 2019, the total revenue from all required purchasing of workbooks and supplies is $13,000, which is about 2.2 percent of our total revenues-$ 570,766. None of Our affiliates either sell or lease products or services directly to franchisees.

Regarding library books and devices, You may purchase them from any source since We are not the only authorized distributor. Besides, we neither grant nor revoke approval of alternative suppliers. We shall provide you with the list of books to be purchased, and additionally in the Operation Manual for Administrator, We provide You with specification of computers or software to be purchased. Please review Item 11 for information regarding computer hardware and software You must purchase or license.

We do not have any designated supplier and hence there has been no payments made from designated suppliers to Us. Besides, We do not have any purchasing or distribution cooperatives, and any supplier in which any officer of Us owns an interest.

Still, if necessary, We negotiate purchase agreement with suppliers, including price terms, for benefits of franchisees.

Finally, We do not provide any material benefits (for example, renewal of granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

Item 9. Franchisee's Obligations

9.1 Obligations List

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 franchise disclosure document.

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Articles 1, 6, 9, 12, 15, 17, Exhibits A, B, & E Exhibit H (if applicable)	Items 5, 8, 9, 11, 12, & 17 Attachment B, Exhibits A, B & E Attachment B, Exhibit H (if applicable)
b. Pre-opening purchases/leases	Articles 1, 6, 7, & 8 Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 7, 8, 9 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
c. Site development and other pre-opening requirements	Articles 1, 2, 4, 6, 7, 8, 11, 15 & 17, Exhibits A, B, C & D Exhibit H (if applicable)	Items 5, 6, 9, 11, 12 & 17 Attachment B, Exhibits A, B, C & D Attachment B, Exhibit H (if applicable)
d. Initial and ongoing training	Articles 1, 4, 5, 6, 7, 9, 11, 12, 13, 15 & 20	Items 5, 6, 7, 8, 9, 11, 14, 15 & 17
e. Opening	Articles 1, 2, 4, 6, 7, 8, 11, 12, 19, Exhibits A, B, C, D, E, F, G, H (if applicable), I & K	Items 5, 6, 7, 8, 9, 11, 12, 16, 17, 22, Attachment B, Exhibits A, B, C, D, E, F, G, H (if applicable) I & K
f. Fees	Articles 2, 3, 4, 5, 7, 9, 11, 12, 17, 18, 20 & Exhibit G; Exhibit L (if applicable)	Items 5, 6, 7, 8, 9, 10, 17, Attachment B, Exhibit G; Attachment B, Exhibit L (if applicable)
g. Compliance with standards and policies/Operating Manual	Articles 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 & 15 & Exhibits C & D	Items 8, 9, 12, 13, 16, 17, Attachment B, Exhibits C & D

Obligation	Section in Agreement	Item in Franchise Disclosure Document
h. Trademarks and proprietary information	Articles 1, 2, 5, 6, 7, 11, 15, 16, 17, 18 (if applicable) & Exhibits A, B, D, F, G, I & L (if applicable)	Items 1, 2, 8, 9, 11, 12, 13, 14, 16, 17, Attachment B, Exhibits A, B, D, F, G, I & L (if applicable)
i. Restrictions on products/services	Articles 1 & 7 & Exhibit D	Items 1, 8, 9, 12, 13, 14, 16 & 17 & Attachment B, Exhibit D
j. Warranty and customer service requirements	Articles 1, 2, 3, 4, 5, 7, 8 & 15,	Items 1, 8, 9, 12, 13, 14, 15, 16 & 17
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Articles 4, 5, 7 & 15, Exhibits C & D	Items 6, 8, 9, 16, & 17, Attachment B, Exhibits C & D
m. Maintenance, appearance and remodeling requirements	Articles 1, 6, 7, 9, 11, 12, 15, 16 & 17, Exhibits A, C & D	Items 6, 7, 9, 13, 15, 16 & 17, Attachment B, Exhibits A, C & D
n. Insurance	Articles 8 & 15	Items 7, 9 & 17
o. Marketing	Articles 1, 2, 3, 6, 7, & 15	Items 7, 8, 9, 13, 14, 16, 17 & 18
p. Indemnification	Articles 8, 11 & 15	Items 7, 9 & 17
q. Owner's participation/management/ staffing	Articles 4, 5, 7, 11, 13, 15 & 17, Exhibits G & I	Items 7, 8, 9, 12, 13, 15, 16, & 17, Attachment B, Exhibits G & I
r. Records/reports	Articles 3, 7, 8, 12 & 15	Items 8, 9, 15 & 17
s. Inspections/audits	Articles 3, 7, & 15	Items 6, 8, 9, 16 & 17
t. Transfer	Articles 1, 6, 7, 11, 12, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
u. Renewal	Articles 9, 10 & 15	Items 6, 9 & 17
v. Post-termination obligations	Articles 5, 8, 10, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
w. Non-competition covenants	Articles 1, 5, 7, 11, 15, 16 17 & 18 (if applicable)	Items 9, 13, 14 & 17
x. Dispute resolution	Article 19	Items 9 & 17

Item 10. Financing

We do not offer financing for any purpose as of now. However, if We would establish relationships with sources of financing, We would make such information available to You. Financing availability and qualification requirements would probably change and vary widely. We do not guarantee any of Your notes, leases or other obligations. If We make financing available to You, We would expect to make a profit from the financing. We do not require You to obtain financing from Us.

We do not have any arrangements where We receive compensation for assisting You in obtaining financing. If We make such an arrangement, We will disclose the arrangement(s) to any franchisee(s) to whom We make it available.

We do not intend to sell, assign or discount to a third party any note(s), contract(s) or other obligation(s) You have signed. However, the Agreement places no restriction upon Our right to transfer, assign or discount any such instruments, the Agreement, any other agreements, or the System.

Item 11. Franchisor's Assistance: Advertising, Computer Systems, and Training

11.1 Pre-opening Obligations:

Except as listed below, We need not provide any assistance to You. Before You open Your Reading Town Business, We will:

11.1.1. License You to use our Marks and System in connection with Your Licensed Business (Franchise Agreement - Article 1);

11.1.2. Designate Your territory (Franchise Agreement - Article 1);

11.1.3 Review and approve or disapprove Your selected business Premises (Franchise Agreement -Articles 1 & 7) as follows:

a. You are responsible for securing a location. Although We will provide You with any information We have about available locations, You should independently evaluate the proposed location. We do not own Premises and rent them to You.

b. You are responsible for complying with all local ordinances and building permits and to obtain any required permits.

c. We require You to maintain and repair the Premises and equipment. We may require You to replace equipment to comply with Our current specifications and image every three years.

d. You must obtain and install the required equipment, signs, fixtures and supplies from approved suppliers. Please refer to Item 8 for more information.

e. The factors We will consider in reviewing any proposed site will be unique to that site. However, we will generally consider such factors as: demographics of the surrounding area; the type of nearby development; zoning; physical characteristics of the proposed site; the status of nearby competition; the economics of the proposed site; and access issues. No one factor or combination of factors will be determinative in every case.

f. In some cases We will offer franchises on a fully equipped basis and You will purchase the Premises and equipment at Our installed and delivered cost plus a reasonable profit.

g. If You do not secure a location at the Territory agreed by Franchise Agreement within 180 days (or any extension We agree to) You will forfeit Your Initial Fee, and terminate the franchise agreement

Still, We are interested in locations, not forfeitures, so if You are making a reasonably diligent effort to secure a good location, We would ordinarily expect to agree to reasonable extensions. We expect you to communicate with us about Your efforts.

11.1.4. Loan You one or more operations manuals ("the Manual") (Franchise Agreement - Article 1); and

11.1.5. Initial training for You and one manager

Before opening Your Licensed Business, You and Your manager/academic director, must successfully complete Our initial training program. We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively. We will ordinarily schedule the initial training program so that You will complete the pre-opening portions no more than 30 days before the scheduled opening of Your Licensed Business. You are responsible for all salaries, compensation and travel related expenses of persons receiving training, both initial training and on-going training. For further information regarding expenses related to the initial training, please review again Item 6.

Because there is always uncertainty about if and when You will locate and develop acceptable franchise Premises, how long it will take to open Your Licensed Business and about whether You will successfully complete training, You should not terminate employment or cease other income producing activity until after these events have occurred.

Subject	Time Begun	Instructional Material**	Hours of Classroom Training*	Hours of On the Job Training*	Location*
Orientation to Reading Town	Before Opening	Manual, Lecture	0.5	NA	424 Hillside Ave. Williston Park, NY
Office and administration	Before Opening	Manual, Lecture	2	NA	424 Hillside Ave. Williston Park, NY
Marketing	Before Opening	Manual, Lecture	1	NA	424 Hillside Ave. Williston Park, NY
Curriculum Training	Before Opening	Manual, Lecture	8	NA	424 Hillside Ave. Williston Park, NY
Systems Training	Before Opening	Manual, Lecture	6	NA	424 Hillside Ave. Williston Park, NY
Class Observation	Before Opening	Manual, Lecture	0	2	44-07 Little Neck Pkwy, Little Neck, NY
Certification Testing, Graduation	Before Opening	Manual, Lecture	0.5	NA	424 Hillside Ave. Williston Park, NY

*All times are approximate and We may adjust them based upon Your experience and rate of learning.

** For instructional material, We use Operation Manual for Administrator and Instructor. Dr. Soonho Song, who is founder of Reading Town and has more than 18 years experience with Reading Town, will teach Orientation to Reading Town and marketing; Mrs. Seonyong Song, who is a vice president of Reading Town and also has 18 years experience with Reading Town, will teach Office and administration and conduct Certification testing and Graduation; Mrs. Insook You, who has 13 years experience with Reading Town as director of franchisee support, will teach Curriculum Training and Systems Training; finally, Mrs. Julie Hong, who has 12 years experience with Reading Town as assistant director of franchisee support, will conduct Class Observation.

11.1.5.1 We do not charge for the initial training for You or Your manager/academic director (initial training for a total of two people is included in Your Initial Fee), but You must pay the travel and living expenses for You and Your employee(s). You and Your manager/academic director must successfully complete the initial training program. We will decide whether You successfully complete the initial training program based upon knowledge test results and Our observations of Your ability to use the knowledge effectively.

11.1.5.2 In addition to the initial training, Reading Town may require Franchisee and Franchisee's manager/academic director and employees to complete additional training at a location determined in Reading Town's sole discretion to improve operational quality of that center. In that case, Franchisee shall pay Reading Town's usual fee(s) for such a required training: $300 per person. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

11.2 Obligations of Reading town during the term of this Agreement, for which Franchisee shall not be subject to any charge, are:

11.2.1 Take any actions We deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1);

11.2.2. Loan You one or more operations manuals ("the Manual"), which contains specifications and mandatory and suggested standards and procedures. This manual is confidential and remains Our property. We will modify this manual, but the modifications will not alter Your status and rights under the Franchise Agreement. (Franchise Agreement - Article 1). Attachment D includes a copy of the Manual's table of contents.

11.2.3 Manage any National Marketing Fees. We will provide a periodic accounting, but only as to the aggregate amount of any National Marketing Fees collected and how We used them by general category. (Franchise Agreement – Article 2)

11.2.4 Manage all aspects of the marketing program using any National Marketing Fees collected (Franchise Agreement - Article 2);

11.2.5 Collect and manage funds received as rebates, discounts and allowances from vendors you do business with (Franchise Agreement – Article 2); and

11.2.6 Action Plan: Reading Town will assist Franchisee in developing an action plan for Franchisee to follow and implement in operating its Center, which includes a marketing strategy, an estimate of expenses and sales goals. Neither Reading Town nor Franchisee shall be bound to implement the action plan, nor shall any action plan constitute a representation by Reading Town with respect to actual, average, projected, or forecasted volume, sales, profits, or earnings of Franchisee if Franchisee follows and implements such plan.

11.2.7 Toll-Free Number: Reading Town will maintain a toll-free number for Franchisee's use in contacting employees of Reading Town at Reading Town's headquarters.

11.2.8 Advertising Program:

11.2.8.1. Advertising Materials: Reading Town will provide to Franchisee, from time to time, seasonal print advertising templates created by Reading Town in-house advertising department and radio commercials approved and updated at least bi-annually by Reading Town. Franchisee may sue their own advertising material, but before they conduct advertising using their own material, its content should by approved by Us in writing or e-mail.

11.2.8.2. Advertising expenditures: If at any time there are two or more Reading Town franchisees within a marketing area ,We form a local co-op marketing and You must participate. We will decide and may modify the size and location of any marketing area. As specified at Note F Local and Co-op marketing in Item 6, all participating franchisees should pay equal rate for co-op marketing expenses, and if there is any franchisor-owned unit in the same cooperative, then it should also pay the same rate as other participating franchises. Except for these guidelines, and subject to any rules or recommendations We may adopt, each local co-op marketing will be autonomous, making its own rules and procedures and administering its own funds.

11.2.8.3 National Advertising: As specified at Note B. National Marketing Fees in Item 6, We collect national marketing fees if we decide to conduct the national marketing. The source of the advertising is an in-house advertising department, which will decide the details of national advertising, such as media, marketing mixes, and the total annual expenses, etc. We will pay 10% of total national advertising expenses. Once the national marketing starts, We shall provide You with the separate financial statements for national marketing and You will be able to review it anytime. As of now, we do not set any advertising fund principally to solicit new franchise sales. So, there were no expenditures of the National Marketing Fees in 2016.

11.2.8.4. Advertising Council: We don't have advertising council composed of franchisees.

11.2.9 Quality Enhancement Review: Reading Town will maintain a procedure and checklist for the review of all aspects of Franchisee's operation of its Center (Quality Enhancement Review) whereby Reading Town can determine the extent to which Franchisee's operations are or are not in compliance with the standards, methods and procedures Reading Town establishes for its Franchisees. Approximately one hundred twenty (120) days after Franchisee first opens its Center, Reading Town will send a franchise consultant to Franchisee's Center to conduct a Quality Enhancement Review. At Franchisee's request, Reading Town will have a franchise consultant conduct a Quality Assurance Review at Franchisee's Center once each calendar year if Reading Town has not itself initiated such action. At Franchisee's request, Reading Town will provide Franchisee with the materials and forms used in the Quality Enhancement Review process for Franchisee's use in reviewing Franchisee's operations.

11.2.10 Ongoing Assistance: If a franchise consultant has not already conducted two visits to Franchisee's Center for a Quality Assurance Review or otherwise, then Reading Town will at Franchisee's request send a franchise consultant to Franchisee's Center for up to two one-day visits each calendar year to provide such assistance and offer suggestions and recommendations within his or her knowledge toward the betterment of the Center. Visits to Franchisee's Center under this paragraph shall be scheduled by Reading Town according to the availability and prior commitments of Reading Town's franchise consultants.

11.2.11 Latest Developments: Reading Town shall endeavor to keep abreast of the most recent and advanced knowledge concerning instructional equipment and new reading and mathematics or other instructional techniques. Reading Town will, based on its good faith determination of the applicability of such knowledge to Franchisee operations, make certain such knowledge is available to Franchisee and to Franchisees generally.

11.2.12 Establishing Prices: We recommend prices for new educational programs which We develop during Your operation of Reading Town center, and You will be obligated to follow such price recommendation.

11.3 The services which Reading town must provide during the term of this Agreement, and for which Reading town may charge Franchisee, are:

11.3.1 Regional Training: From time to time, but at least once each year, Reading Town will conduct training sessions at a location other than its headquarters. Attendance at such training may be made mandatory for Franchisee's manager/academic director. Reading Town may charge a fee for attendance at regional training sessions. All travel, room and board expenses for Franchisee and Franchisee's personnel attending the training shall be borne by Franchisee.

11.3.2 National Conference: From time to time, but at least bi-annually, Reading Town will hold a national conference of not more than five (5) days duration at a location to be selected by Reading Town. Reading Town shall determine the topics and agenda for such conference to serve the purpose, among other things, of updating Franchisees on new developments affecting Franchisees, and exchanging information between Franchisees and Reading Town personnel regarding Reading Town operations and programs. Reading Town may charge a fee for attendance at a national conference. All travels, room and board expenses for Franchisee and Franchisee's personnel attending a national conference shall be borne by Franchisee.

11.3.3 We plan to provide a marketing program using any National Marketing Fees You pay, combined with those from other franchisees. We expect to focus all marketing using National Marketing Fees in areas where We have one or more franchisees, although the Agreement does not require Us to benefit You with every marketing program. We may charge Our marketing research, development and production expenses against the marketing funds. You must conduct marketing for Yourself directly or through a Regional Marketing Cooperative and You may use Your own marketing materials, but You must obtain Our approval of any such materials in advance. We are not obligated to collect a National Marketing Fee or to conduct a marketing program.

11.3.4 Provide a periodic training program for Your manager(s) and for certain other employees, at Our regular charge for the training (Franchise Agreement - Articles 4). Please refer to Item 6 for information regarding the frequency and number of training programs We may require You to participate in.

11.4 Computer Software

We require You to use certain computer equipment and software. You may select any computer hardware that meets or exceeds Our current minimum requirements. You are responsible to maintain and repair Your hardware and to update or upgrade Your software. We may recommend or require additional hardware. To start Reading Town business, You need to either purchase or lease at least 6 laptop computers or desktop computers. The estimated purchasing cost of 6 laptop computers or desktop computers is $4,200 to $5,000, and estimated leasing cost of them is around $120 to $180 per month. After one or two years later after purchasing new computers, You also need to pay about $100 per year for each laptop computer or desktop computer as maintenance or upgrading fees.

NOTES:

1. We do not provide any support for computer hardware, "Proprietary Software" operated on computer systems such as operating systems. You must upgrade your computers, modems and printers and purchase any additional equipment we specify to accommodate our software, or to improve the overall effectiveness and competitiveness of your business.

2. The ELG (E-Learning Gate), Reading Town's Learning Management System, is proprietary business management software. We are not obligated to provide upgrades to this program or its replacement program. If upgrades or support for this program are required, this will be determined by Reading Town. You should adopt new earning systems immediately if We decides to upgrade the current curriculum and program, and/or launch new learning programs. In those cases, if there are fees imposed, which are due to all Reading Town franchisees, You must pay without objection.

3. Via our proprietary software, we have access to the information and data generated described above. There are no contractual limitations on our rights to access the information and data.

4. We currently require Cable, DSL or Fiber Optic Internet connection that is always on. We require You to have a static IP address—if it is required for ELG. We recommend that You obtain your Internet access from a major supplier. We are not responsible for problems of ELG resulted from slow internet speed of Your territory.

5. We have no contractual obligation to provide support for Microsoft software, Adobe Software, Intuit Software, or other 3rd party vendors of required software programs. You may be able to obtain support from Your computer hardware manufacturer or directly from Microsoft.

6. Although We require You to have a computer with a network interface card that will run the required software, We do not impose additional technical requirements at this time except that Your computers must be less than one year old at the time You begin using it in the Licensed Business. You must install and use upgrades and replacement equipment when We require it, which We may do at any time. There is no contractual limit on how much anupgrade would cost.

7. The required computer hardware and software will assist you in gathering, analyzing and reporting data and service results. The required computer hardware and software will also collect and make available to You and to Us extensive information about your business, including purchases, customer data, inventory, receipts, cost of goods, profitability and expenses, including payroll and employee expense and scheduling. Under the Franchise Agreement, We have unlimited independent access to the information for any proper purpose under the Agreement. Unless otherwise required by law, We will not provide the information to any other person except in summary or statistical formats—and with your identifying information removed.

11.5 Time to Open

The typical length of time between when You sign the Agreement or pay the initial franchisee fee and the time when Your franchised business opens will generally be three (3) to six (6) months. The factors affecting this length of time include the time necessary for You to obtain Premises and equipment, schedule Your initial training, and hire and train any necessary employees. There may be unusual circumstances in which, because of delays, construction schedules and other events beyond Your control it takes longer than six (6) months. On the other hand, it could be less than three (3) months.

Item 12. Territory

We will grant You an exclusive geographic territory (“Territory”) which We will describe in Exhibit B to Franchise Agreement. If You are not in breach of the Agreement, We will not locate or open a competitive business under the Marks and using the System in Your Territory, either company-owned or franchised, during the term of the Agreement. You are permitted to operate the Franchised Business only at one location and only within Your Territory. There are no restrictions on where customers may come from. You may only engage in direct marketing within your Territory, except with our prior approval or through a Regional Marketing Cooperative.

You will be assigned a Territory for your Franchise Agreement and you will be permitted to deliver the Reading Town programs and services in that Territory. Territories are either a Territory A, which has more than 5,000 school-age children (5-17 years old), or a Territory B, which has less than 5,000 school-age children (5-17 years old). All figures are based on data from latest U.S. Census Bureau. Each Territory is delineated by geographical or political boundaries, streets or an area within a specified radius from an identified point. Your Franchise Agreement permits you to operate one Reading Town within your Territory. You may relocate any existing Center within your Territory with READING TOWN’s prior approval. If you desire to open an additional Center in your Territory, you must obtain READING TOWN’s approval and pay us
$25,000 for each additional for Territory A, and $15,000 for each additional for Territory B.

As long as your Franchise Agreement remains effective, READING TOWN will not operate or license to others the right to operate another Reading Town utilizing the Reading Town System within your Territory. However, READING TOWN may negotiate the provision of Reading Town System programs pursuant to school system or local, State or Federal government-sponsored or funded contracts or corporate contracts, which require the delivery or performance of Reading Town System services within your Territory (‘in-Territory Services’). If READING TOWN secures a contract of this type and you are then in full compliance with your Franchise Agreement, READING TOWN will, subject to the consent of the customer, offer you a subcontract to perform the in-Territory Services under the contract on the same terms and conditions that READING TOWN and the customer originally agreed, less a retainage of 20% of the gross revenues or fees paid by the customer as READING TOWN’s compensation for procuring the contract. If the customer will not consent to a subcontract, if you are not in full compliance with your Franchise Agreement, or if you elect not to execute a subcontract, READING TOWN may perform the in-Territory Services itself or subcontract performance to any third party, who may be another Franchisee of the Reading Town System. If READING TOWN subcontracts the in-Territory Services to a third party because you elected not to execute a subcontract, READING TOWN’s subcontract with the third party may be made on terms more favorable for the subcontractor than those terms previously offered to you, but only if we first notify you of the more favorable terms and you do not accept a subcontract on those terms within five business days of receiving your notice.

READING TOWN may also sell and operate directly and license and franchise others to sell and use within your Territory under READING TOWN's trademarks or under different names or trademarks programs and products that primarily emphasize vocational training and skills in the adult workplace or the delivery of internet based testing, test preparation center such as SAT, SSAT, or TOEFL, or another similar tests or offering other programs targeting different age groups with different curricula, such as -CSTEM Coding, CSTEM Prep, MILC, Leading Kids,, etc.

READING TOWN currently operates and may open and operate Centers outside of your Territory. Also, READING TOWN may conduct and operate businesses, and offer and sell services, programs and products, within or outside of your Territory, that do not comprise the Reading Town System and that use the READING TOWN, or other, trademarks and names.

READING TOWN does not impose sales volume or other quotas that you must meet to maintain your Franchise Agreement, however, you are required to exercise your best efforts to cultivate and develop and expand the market in your Territory.

During the initial term of your Franchise Agreement, READING TOWN will not modify your territorial rights. However, if you are in good standing under your Franchise Agreement, READING TOWN may choose to give you the option of modifying your Territory in one of two ways. To exercise either of these options, you must pay us a fee of $10,000. The first option for modifying your Territory applies only if you have a 'B' Territory Center. If you do, you may upgrade it to an 'A' Territory Center. The second option for modifying your Territory is to expand it. With READING TOWN's approval, you may sign an amendment to your current Franchise Agreement that restates your Territory and describes your additional duties. ('Amendment to Franchise Agreement for Territory Description,' which follows Exhibit A to the Franchise Amendment). The expanded portion may include no more than 5,000 school-age children, and if READING TOWN permits you to expand your Territory, you must agree to open and keep open at all times at least two Centers in your Territory within 120 days of the date of executing the Amendment.

If you expand your Territory, READING TOWN subdivides your newly expanded Territory into two sub-territories, each of which is required to have at least one Center. Once we have subdivided your Territory, if you fail to open a Center in the sub-territory that does not have one within 120 days of our agreeing to allow you to expand your Territory, or if you abandon a Center (which includes closing the Center for a period of 10 or more consecutive days) without our prior written approval, and the result is that one of your sub territories does not have a Center located within it, then the rights to that sub-territory may, at READING TOWN's sole discretion, revert to READING TOWN. If this happens, your Franchise Agreement will be terminated as to the sub-territory that has no Center, and your revised Territory will cover only the sub-territory that has at least one Center located within it. The reduction of your Territory becomes effective upon READING TOWN providing you written notice and a revised description of your Territory. If you lose one of your sub-territories, we do not refund the $10,000 fee you must pay to expand your Territory.

Except with READING TOWN's consent and to the extent some forms of media advertisement cannot be restricted to Your Territory, you may not place advertisements for the Reading Town System in another Franchisee's Territory or in any territory where a READING TOWN-owned Center operates.

The Agreement excludes certain sites from Your Territory, even though they may be located within the boundaries of Your Territory. Exclusions are: Home shows, trade fairs, exhibitions and online study of related curriculum. We, or a person We designate, may directly or indirectly sell and distribute goods and services at those locations, including the same goods and services You offer and may use the Marks, without paying You or any other franchisee. In addition, We may offer products and services under the same or a different trade name or trademark, including within Your Territory through alternative distribution methods, including through independent retail outlets, catalogs, mail order and through electronic media, including television, radio, the "internet" and through other new or emerging commercial technological media without paying You or any other franchisee. You may not market your goods and services over the Internet or through other alternative distribution methods without our prior written approval.

The Agreement permits Us to modify the boundaries and size of Your Territory if the population of Your territory increases by fifty percent or more from the estimated population at the time You sign the Agreement. If a modification reduces the size of Your Territory, and You are in full compliance with the Agreement, You will have a sixty day first right of refusal to license and operate another Reading Town franchise in the newly created territory. If a modification reduces the size of the territory of more than one franchisee, the affected franchisees will have rights of refusal in the order of the amounts of population severed from each territory; but if more than one territory is reduced by approximately the same percentage, then the affected franchisees will receive rights of refusal in the order of their seniority as Reading Town franchisees in the affected territories.

In determining the original size and boundaries of Your Territory, We will consider demographic and other factors that We deem appropriate, including the number of student (K-12 grades) living within the logical market area, the number and size of competitors, traffic patterns, the competitive situation, natural determinants, and economic data. We will not necessarily give any single factor or combination of factors controlling weight. Your Territory will not be identical to that of any other franchise and You must make Your decision whether to purchase the franchise based upon Your knowledge of Your proposed Territory.

If you are in full compliance with the Agreement and with the Manual, we may permit you to acquire expansion territory. Expansion territory is adjacent territory that We have not assigned to another franchisee. The current price of such expansion territory is $0.10 per person residing in the expanded territory based upon currently available governmental demographic data. The purchase price for expansion territory is payable, in full, when

You sign an addendum for the expansion territory. We will determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory.

The minimum distance between a new Reading Town center in the adjacent territory and Your Reading Town center should be at least one (1) mile from each other, but there will be ten (10) percent allowance in the distance in case that the new center cannot help locating within one (1) mile distance limit due to the zoning issue of the new territory. This minimum distance is defined not as the direct distance between two centers, but as the driving distance from one center to another in different territories, and Our decision of distance is based on the driving distance on the Google map. We don't consider the driving time between two centers. However, there is no distance limit if You open another Reading Town in your territory.

Item 13. Trademarks

We give You the right to use the name "Reading Town," and other trade names, trademarks, service marks, trade dress and logos We currently use or which We may adopt or approve (the "Marks") in the Licensed Business. You must follow Our rules when You use the Marks. You may only use the Marks exactly as We specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

We own the right to use the name and service mark "Reading Town" through a licensing agreement with Mr. Soonho Song which expires on December 31, 2030.

In addition to Our common law rights to the Mark, We have secured federal trademark registrations as follows and has filed all required affidavits to United States Patent and Trademark Office (USPTO):

Mark: "READING TOWN"
Serial Number: 77574029
Registration Number: 3618918
Principal Register: Soonho Song
Registration Date: 5/12/2009
Renewed On: 12/23/2016

There are no presently active determinations of the Patent Office, the Trade Mark Administrator of any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to Your ability to use the Marks in connection with the Licensed Business.

There are no agreements that significantly limit Our rights to use or license You to use the Marks in any manner material to the Licensed Business.

You must inform Us if You become aware of any misuse or misappropriation of the Marks or anything confusingly similar. You may not start any litigation relating to the wrongful use of the Marks without Our prior written approval. We may take whatever action We deem appropriate to protect or defend the Marks or System, but We need not take any action.

If a third party sues You claiming that You are infringing the trademark or trade name of the third party by using the Marks, You must inform Us immediately. We will indemnify You as to that claim only and have the right to control the litigation.

It may become necessary in Our sole discretion, because of trademark litigation, a decision of the Patent and Trademark Office, or otherwise, to change the Marks. In that event, You must immediately adopt the new or revised Marks and Our maximum liability, including for any purported goodwill, is to reimburse You for the actual out-of-pocket costs of changing the principal signs identifying Your Premises.

We do not know of any person claiming or having superior rights to any of the Marks or of any infringing uses of the Marks that could materially affect Your use of the Marks.

Item 14. Patents, Copyrights, and Proprietary Information

We do not currently own any patents. We have copyrighted and will continue to copyright the Manual and revisions of all Manuals and Handbooks and construction plans loaned to You, and all training materials We provide or sell to You and Your employees. We have not registered any copyrights, but may in the future.

The Manual(s), the contents of each, and certain other information We will provide to You, including curriculum, library book lists, forms such as monthly and annual reports on revenue volume, if required, are all confidential trade secrets. All information We provide to You or which You develop in the course of performing under the Franchise Agreement which is not generally available to the public and which a competitor might find valuable are trade secrets. If We designate something as a “Trade Secret”, You must treat it as a Trade Secret whether or not it would otherwise meet any definition of “Trade Secret”. You are responsible for protecting all trade secrets and You cannot transfer them or sell them to anyone at any time. You must require manager/academic director(s) and other employees who have access to Trade Secrets to comply with Your obligations under the Franchise Agreement to protect Our Trade Secrets since You are liable for any breach of Trade Secrets by your employees.

Item 15. Obligation to Participate in the Operation of the Franchised Business

You must either devote Your full time and effort to managing and operating the Licensed Business or delegate its management or operation to a responsible person. You must reserve and exercise ultimate authority and responsibility over operation and management of the Licensed Business. If You delegate management and operation to a manager, the manager must first successfully complete Our initial training program within thirty days after assuming the role of manager. There is no limit on whom the franchisee may hire as manager, and it is solely subject to Your discretion.

If You are a corporation or other entity, each owner must personally guaranty the Agreement and the entity must designate a competent manager. We do not require the designated manager to be an equity owner of the franchised business. You must, at all times, employ at least one manager/academic director unless you are qualified to be an academic director and are to assume that role. You must require each manager and employee to whom You disclose our trade secrets to be subject to the trade secrets section of the Franchise Agreement (Franchise Agreement – Article 5). You must require every manager and employee with access to trade secrets to sign a confidentiality agreement. The current form of confidentiality agreement is Exhibit I to the Franchise Agreement.

Item 16. Restrictions on What the Franchisee May Sell

You may offer for sale only products and services We approve. You must offer tutoring and learning center related services to students from Pre-K to 12th grade, operating under Our Marks and following Our System and of a type, quality and variety consistent with the Reading Town image. You must obtain supplies and equipment from Us or suppliers We select or approve. We have sole discretion in determining what constitutes the Reading Town image. The image is constantly evolving as markets change and evolve. You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval. We are not required to give You such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether We, You or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating You. If We modify the System, You must, at Your own expense, adopt and use the modification(s) as if they were part of the System at the time You signed the Agreement. There are no restrictions on Our right to modify the types of goods and services except that We will remain primarily You will operate a business of tutoring and learning center related services for students from Pre-K to 12th grade.

Item 17. Renewal, Termination, Transfer, and Dispute Resolution

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

If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

Provision	Section in Franchise Agreement	Summary
a. Term of the Franchise	Article 1	3 years.
b. Renewal or extension of the term	Article 9	If You are in good standing and We continue the franchise system in Your area, We may permit You to renew for another term under the then-current agreement, which may be materially different than the agreement We are now offering.
c. Requirements for You to renew or extend	Article 9	Be in good standing with Us, sign new agreement, update or replace materials and equipment, retain Premises, give 6 months notice and pay a fee of $15,000 for Territory A or $10,000 for Territory B.
d. Termination by You	Article 18	At any time; upon 90 days notice; no cause required; sign agreement including general release; See Article 18 and Exhibit L to the Franchise Agreement.
e. Termination by Franchisor without cause	None	
f. Termination by Franchisor with cause	Article 15	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating Your territorial rights does not limit Our rights thereafter to terminate your franchise for the same or a different cause.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined--defaults which can be cured	Article 15	You have 72 hours to cure: failure to pay Us or Our affiliate; unauthorized assignment; abandonment (even if unintentional); You become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; refusal to permit an audit; violation of any law or rule (including any health codes, rules or regulations); conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance;; or termination of any other agreement between You and Us for cause. You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period.
h. "Cause" defined--defaults which cannot be cured	Article 15	Non-curable defaults: repeated defaults, even if cured; You are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; convicted or plead guilty to violating law relating to Licensed Business.
i. Your obligations on termination/nonrenewal	Articles 16 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual; certain notification obligations; payment of sums due to Us; We have option to lease or assume lease for Your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and We have option to purchase any part of Your business assets. If We elect to assume Your lease and to operate a Reading Town business from Your Premises, You must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting Us to use Your furniture, fixtures and equipment for up to 60 days, and permitting Us to communicate directly with Your employees, vendors and customers in order to facilitate a smooth transition.
j. Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on Our right to assign except that if Our assignee assumes all of Our obligations to You then We are free of further liability to You.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by You--definition	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of Your business, the Premises, or of any ownership interest in the Franchisee if You are a corporation, partnership or limited liability company or other form of Entity.
l. Franchisor's approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.
m. Conditions for Franchisor's approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to Us; You are not in material breach of the Agreement; You have paid all debts of Your business; new Franchisee signs release of claims against Us for representations You made; You sign a mutual termination and release of the Agreement; We receive transfer fee ($7500); new Franchisee signs the then-current form of Agreement by paying us $7,500 as a processing fee, new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to Your Premises lease, if applicable; and We receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is $500.
n. Franchisor's right of first refusal to acquire Your business	Article 12 & 17	We may match any offer for Your business.
o. Franchisor's option to purchase Your business	Article 17	On termination, We may purchase any part of Your business at the fair market value of the tangible personal property purchased.
p. Your death or disability	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Licensed Business to a third party, subject to Article 13 of the Agreement. If We deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial. The same applies if You become disabled as defined in Article 14 of the Agreement.
q. Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Articles 16 & 18 (if applicable)	For 24 months, You must not compete with Us within 20 miles of the boundaries of Your Territory, solicit or divert any of Our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or solicit or hire any of Our employees, former employees or franchisees. For 24 months, You will not be employed by or in business with any person or entity that does any of those things.
s. Modification of the agreement	Article 21	Only by written agreement; We may modify Manual at any time.
t. Integration/merger clause	Article 21	Only the terms of the Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or Marketing Fees or to enforce trademark or trade secret rights and covenants against competition, We will settle all disputes with You by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.
v. Choice of forum	Articles 19 & 21	Litigation or arbitration must be in the state of New York
w. Choice of law	Article 21	The law of the state where Your Licensed Business is located applies.

Item 18. Public Figures

We do not currently use any public figure to promote Our franchise.

Item 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Reading Town, 44-07 Little Neck Parkway, Little Neck, NY 11363 Phone: 718) 229-6400, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. Outlets and Franchisee Information

Systemwide Outlet Summary
For years2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	15	14	-1
	2018	15	18	3
	2019	18	19	1
Company-Owned	2017	5	4	-1
	2018	4	3	-1
	2019	3	4	1
Total Outlets	2017	20	18	-2
	2018	18	21	3
	2019	21	23	2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017 to 2019

State	Year	Number of Transfers
California	2017	0
	2018	1
	2019	0
Illinois	2017	0
	2018	1
	2019	0
New Jersey	2017	0
	2018	1
	2019	0
Total	2017	0
	2018	3
	2019	0

Status of Franchised Outlets
For years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
CA	2017	6	0	0	0	0	0	6
	2018	6	1	0	0	0	0	7
	2019	7	2	0	0	0	0	9
IL	2017	1	1	0	0	0	1	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
NJ	2017	5	0	0	0	0	1	4
	2018	4	1	1	0	0	0	4
	2019	4	0	0	0	0	0	4
MD	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
NY	2017	4	1	0	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	0	0	0	0	2	4
Total	2017	16	2	0	0	0	1	17
	2018	16	3	1	0	0	0	18
	2019	18	3	0	0	0	2	19

Status of Company-Owned Outlets
For years 2017 to 2019

State	Year	Outlets at Start of the Year	Outlet Opened	Outlets Reacquired from Franchise	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
CA	2017	2	0	0	1	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
NY	2017	3	0	0	0	0	3
	2018	3	0	0	1	0	2
	2019	2	1	0	0	0	3
Total	2017	5	0	0	1	0	4
	2018	4	0	0	1	0	3
	2019	3	1	0	0	0	4

Projected Openings As of September 30, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
CA	0	1	0
NY	0	1	0
Total	0	2	0

20.1 Please refer to Attachment C for information of franchisees who were not renewed. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We have no franchisee who had an outlet terminated, cancelled, or voluntarily or involuntarily ceased to do business, or who has not communicated with Us within 10 weeks of the disclosure document issuance date.

20.2 We have not sold any previously owned franchised outlets now under Our control.

20.3 No franchisees signed confidentiality clauses during the last three fiscal years.

20.4 No trademark-specific franchisee organization associated with Reading Town Franchise System being offered has been created, sponsored, or endorsed by Us.

Item 21. Financial Statements

Attachment A contains our Financial Statements for the last three fiscal years: from Oct. 1st, 2016 to Sep. 30th, 2017, and from Oct. 1st 2017 to Sep. 30th, 2018, from Oct. 1st, 2018 to Sep. 30th, 2019. These Financial Statements were audited by an independent certified public accountant. Each year, our fiscal year ends on September 30.

Item 22. Contracts

We urge You to read all of the contracts and agreements carefully. This Franchise Disclosure Document cannot possibly contain all of the terms of the various agreements. It is important that You understand all of those terms. We have attached the following contracts and agreements:

Attachment B - Franchise Agreement

with:
Exhibit A, Location of Licensed
Business; Exhibit B, Territory;
Exhibit C, Required Equipment;
Exhibit D, Items Pursuant to Specifications
Exhibit E, Lease Conditional Assignment
Agreement Exhibit F, Assignment of Telephone
Numbers Exhibit G, Personal Guaranty
Exhibit H, Master Lease (if applicable)
Exhibit I, Trade Secrets and Confidentiality Agreement
Exhibit J, Mutual Termination and Release Agreement
Exhibit K, Consent, Waiver and Release for Training
Exhibit L, Release from Continuing Obligations
Exhibit M, Confidentiality Agreement—Additional Information
Exhibit N, Conversion Addendum

Item 23. Receipt

A receipt for this Franchise Disclosure Document is attached at the end of this document. You must remove one copy, sign it and return it to Us.

California Law requires that a franchisor provide the prospective franchisee with a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first.

FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENTS

Good Servant Inc.

FINANCIAL STATEMENTS

September 30, 2017

With Independent Accountants'
Audit Report Thereon

David Shin, CPA, PC
218-14 Northern Blvd. Suite 108
Bayside, New York 11361

GOOD SERVANT INC

David Shin, CPA, PC
218-14 Northern blvd. Suite 108
Bayside, New York 11361
(718)352-0884

Independent Accountants' Audit Report

Shareholders
GOOD SERVANT, INC

I have audited the accompanying balance sheet of Good Servant Inc. as of September 30, 2017 and the related statements of operations and retained earnings, and cash flows for the year ended, in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are the responsibility of Good Servant Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the accompanying Note is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

December 28, 2017

David Shin
CPA

GOOD SERVANT INC.

BALANCE SHEET

September 30, 2017

Assets

Current Assets:		
Cash and cash equivalents	$	18,329
Accounts receivable (note 7)		10,910
Inventory (note 2)		121,120
Prepaid income taxes		1
Total current assets		150,360
Property and equipment, at net (note 3):		
Fixtures & equipment, net		80,081
Total non-current assets		80,081
Other assets:		
Loan to others (note 5)		166,314
Security deposit		13,000
Total assets	$	409)55

Liabilities and Stockholder's Equity

Current Liabilities:		
Accounts payable	$	25,139
Bank loan (note 4)		96,141
Payroll taxes payable		1,832
Taxes payable (note 6)		170
Other payable		(42)
Total current liabilities		123,240
Long-term liabilities:		
Loan from shareholder		106,833
Total liabilities		230,073
Stockholder's equity:		
Common stock		10,000
Additional paid-in capital		150,000
Retained earnings		19,682
Total stockholder's equity		179,682
Total liabilities and stockholder' s equity	$	4092755

See accompanying note and audit report of independent accountant.

GOOD SERVANT INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the year ended September 30, 2017

Revenue:	
Net sales	$ 719,985
	719,985
Cost and expenses:	
Cost of goods sold	197,992
Selling, general and administrative expenses	500,027
Depreciation and amortization	12,745
Interest expense	5,063
	715,827
Income before income taxes	4,158
Provision for income taxes (note 6)	1,166
Net income	2,992
Retained earnings at beginning of year	16,690
Retained earnings at end of year	$ 19 682

See accompanying note and audit report of independent accountant.

GOOD SERVANT INC.

Statement of Cash Flows

For the year ended September 30, 2017

Cash flows from operating activities:		
Change in net assets	$	2,992
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization		12,745
Decrease in accounts receivable		43,806
Decrease in prepaid expense		500
Decrease in inventory		25,717
Decrease in accounts payable		(49,775)
Decrease in taxes payable		(376)
Increase in accrued expenses and other current liabilities		(2,834)
Total adjustments		29,783
Net cash provided by operating activities		32,775
Cash flows from financing activities:		
Bank loans		(4,841)
Loans to Others		(24,950)
Borrowing from others		(15,264)
Net cash provided by financing activities		(45,055)
Net increase (decrease) in cash		(12,280)
Cash at beginning of year		30,609
Cash at end of year	$	18,329

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	$	5 063

See accompanying note and audit report of independent accountant.

Schedule 1

GOOD SERVANT INC.

Selling, general and administrative expenses

September 30, 2017

Insurance	$ 10,337
Office expenses	89,571
Payroll tax	13,825
Lease expense	3,673
Professional fee	3,800
Rent	140,658
Salaries and benefits	155,884
Utilities	10,779
Other expenses	71,500
Total expenses	$ 500,027

See accompanying note and audit report of independent accountant.

GOOD SERVANT INC.

Notes to the Financial Statements

September 30, 2017

(See accompanying audit report)

1. Organization and Summary of Significant Accounting Policies

Good Servant, inc. (the " Company), was incorporated in the State of New York on October 01, 2001. The Company operates as education service and book sales business in Queens, New York.

(a) Revenue Recognition

The Company recognizes revenue when services are rendered or receive service fee whichever earlie r. Als o, for book sa les , The Company recognizes revenue when products are shipped and the customer takes ownership and assumes risk of loss. Trade accounts receivable are recorded at the invoice amount and do not bear interest.

(b) Depreciation of FixedAssets

Fixed assets are initially recorded at cost. Depreciation is calculated on a straight-line method over estimated useful lives of the assets, respectively.

(c) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method.

(d) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estim ates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differfrom those estim ates.

GOOD SERVANT INC.

Notes to the Financial Statements

September 30, 2017

(See accompanying audit report)

2. Inventories

At September 30, 2017, inventories are comprised of only finished goods, which are books. The Company has purchased inventories from various publishers.

3. Fixed Assets

Fixed assets at September 30, 2017 are composed of the following:

Fixtures and Furniture	$ 91,880
Leasehold improvement	119,115
	210,995
Less accumulated depreciation	(130,914)
Fixed assets, net	$ 80!081

4. BankLoan

The Company was obligated under the following bank loan at September 30, 2017:

Chase Bank Revolving line of credit (4.90% at September 30, 2017)	$ 94,858
Chase Bank Revolving line of credit (9.50% at September 30, 2017)	1,283
	96,141
	$ 96 141

GOOD SERVANT INC.

Notes to the Financial

Statements September 30, 2017

(See accompanying audit report)

5. Loans to Others

The Company had purchased Learning Center in Long Island NY and Irvine CA, and loans to San Marino RT Education Inc. in CA.

6. Income Taxes

A summary of the income tax provision for the year ended September 30, 2018 is as follows:

Current:	
Federal	$
State and local	1,166
	1,166

The Company is not subject to Federal income taxes due to net operating loss incurred in current year. State and local tax presents alternative or capital based tax.

7. Major Customers

Two major customers accounted for approximately 45% of net sales for the year ended September 30, 2017, and the accounts receivables from the customers accounted for approximately 100% of the Company's accounts receivable at September 30, 2017.

GOOD SERVANT, INC.

Financial Statements
and
Independent Auditor's Report

For the Fiscal Year Ended
September 30, 2018

PADILLA & COMPANY, LLP
Certified Public Accountants

GOOD SERVANT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Good Servant, Inc.
44-07 Little Neck Parkway,
Little Neck, New York 11363

We have audited the accompanying financial statements of **Good Servant, Inc. (the "Company")**, which comprise the balance sheet as of September 30, 2018 and the related statement of income, statement of changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Servant, Inc. as of September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Padilla and Company, LLP
Jamaica, New York
January 9, 2019

GOOD SERVANT, INC.
BALANCE SHEET
AS OF SEPTEMBER 30, 2018

ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	$	22,286
Receivables (Note 5)		191,835
Inventories (Note 9)		132,604
Total current assets		346,725
Non-Current Assets		
Property and equipment, net (Note 6)		67,335
Other assets		13,001
Total non-current assets		80,336
TOTAL ASSETS	**$**	**427,061**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	$	108,211
Notes payable (Note 7)		100,526
Income tax payable		6,726
Withholding taxes payable		6,804
Total liabilities		222,267
Stockholder's equity		
Common stock		
200 shares authorized, no par value, 200 shares issued and outstanding		10,000
Additional paid-in capital		150,000
Retained earnings		44,794
Total stockholder's equity		204,794
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**427,061**

GOOD SERVANT, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

REVENUES		
Royalties and books	$	299,065
Tuition fee		175,087
Grant revenue		173,781
Other revenues		6,335
Total Revenues		654,268
EXPENSES		
Operating expenses (Note 8)		545,262
Cost of sales (Note 9)		58,465
Depreciation and amortization (Note 6)		12,745
Interest expense (Note 7)		5,958
Total Expenses		622,430
Income before income taxes		31,838
Provision for income taxes		(6,726)
Net income	**$**	**25,112**

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

GOOD SERVANT, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF SEPTEMBER 30, 2018

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholder's Equity
Balance at September 30, 2016	200	$ 10,000	$ 150,000	$ 16,690	$ 176,690
Net income	-	-	-	$ 2,992	2,992
Balance at September 30, 2017	200	10,000	150,000	19,682	179,682
Net income				25,112	25,112
Balance at September 30, 2018	**$ 200**	**$ 10,000**	**$ 150,000**	**$ 44,794**	**$ 204,794**

GOOD SERVANT, INC.
STATEMENT OF CASH FLOWS
AS OF SEPTEMBER 30, 2018

Cash flow from operating activities:		
Net income	$	25,112
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization		12,745
Movements in:		
Receivables		(14,610)
Inventories		(11,484)
Accounts payable		83,072
Income taxes payable		6,726
Withholding taxes payable		5,014
Cash provided by operating activities		106,575
Income taxes paid		(170)
Net cash provided by operating activities		106,405
Cash flow from financing activities:		
Notes payable		4,385
Payment of long-term debts		(106,833)
Net cash used for financing activities		(102,448)
Net cash during the period		3,957
Cash at the beginning of the year		18,329
Cash at the end of the year	$	22,286

SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND FINANCING TRANSACTIONS

Cash paid for interest (Note 7)	$	5,958

NOTE 1 COMPANY AND NATURE OF BUSINESS

Good Servant, Inc. (the "Company") was incorporated under Section 402 of the Business Corporation Law in the State of New York on September 28, 2001 and applied for a C Corporation status which was approved on October 1, 2001. The Company provides a comprehensive range of services including reading programs for all levels in Queens, New York, learning center franchise to other location in the United States of America, buy and sell of educational books, usage of materials developed internally and other educational purposes services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Company prepares its financial statements using the accrual method of accounting. The revenues are recognized when earned and expenses are recognized when incurred.

Basis of Preparation
The financial statements have been prepared in conformity with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Company are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand and cash in banks from major banking institution. The carrying amount of these assets approximates their fair value.

Receivables
Receivables consist of collectibles from book sales as well as other receivables from the normal course of business. The Company provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Inventory
Inventory consists of books which are stated at the lower of cost or net realizable value.

Property and equipment
Property and equipment consists of office furniture and equipment and leasehold improvement. Property and equipment is recorded at cost. Depreciation and amortization is computed on the straight-line method. Leasehold improvement are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes payable
Notes payable consists of line of credit availed from major banking institution.

Income Taxes
For financial reporting purposes, the Company has elected to use the taxes payable method. Under that method, income tax expense represents the amount of income tax the Company expects to pay based on the Company's current year taxable income.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Accounting Standards Issued but Not Yet Adopted
In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP.

NOTE 3 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash accounts in a financial institution which may exceed the federal depository insurance coverage limit of $250,000.

NOTE 4 CASH AND CASH EQUIVALENTS

This account consists of the following:

Cash on hand	$ 10,107
Cash in bank	12,179
	$ 22,286

NOTE 5 RECEIVABLES

This account consists of the following:

Accounts receivable	$ 60,951
Other receivables	130,884
Total	191,835

NOTE 6 PROPERTY AND EQUIPMENT

This account consists of the following:

Furniture and fixtures	$ 19,041
Leasehold improvement	119,116
	138,157
Less: accumulated depreciation	70,822
Net Property and equipment	$ 67,335

Depreciation and amortization for the year ended September 30, 2018 amounted to $12,745.

NOTE 7 NOTES PAYABLE

This account consists of the following:

Business revolving line of credit at 6.65% annual percentage rate	$ 98,914
Overdraft line of credit at 11.25% annual percentage rate	1,612
	$ 100,526

The Company has an existing line of credit with Chase Bank. The line bears interest at the bank's prime lending rate. The line is reviewed annually and is due on demand. Total interest expense paid as at September 30, 2018 amounted to $5,958.

NOTE 8 OPERATING EXPENSES

This account consists of the following:

Salaries and wages	$	142,829
Rent		140,319
Professional fees		66,951
Office expenses		38,110
Provision for bad debts		32,950
Payroll taxes		24,221
Communication and utilities expens		19,577
Transportation and travel		18,041
Insurance expense		13,868
Computer and server		13,635
Repairs and maintenance		13,614
Educational expenses		2,240
Licenses permit		2,225
Other expenses		16,682
Total	$	545,262

NOTE 9 COST OF SALES

This account consists of the following:

Inventory, beginning	$	121,120
Purchases		61,095
Freight		8,854
Total goods available for sale		191,069
Inventory, ending		(132,604)
Cost of goods sold	$	58,465

NOTE 10 COMMITMENTS AND CONTINGENCIES

Good Servant, Inc. entered into an operating lease agreement with Harbest Inc. for its office space located at 44-07 Little Neck Parkway, Little Neck, NY, 11363 beginning on January 1, 2018 until December 31, 2027. The minimum annual lease payments for commitment of this agreement are as follows:

Year	Minimum Lease Payments	
2019	$	115,200
2020		117,600
2021		120,000
2022		122,400
2023		124,800
Thereafter		523,200

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through January 9, 2019, the date the financial statements were available to be issued. No other subsequent events that came to our attention warranting adjustments or disclosure.

GOOD SERVANT, INC.

Financial Statements
and
Independent Auditor's Report

For the Fiscal Year Ended
September 30, 2019 and 2018

PADILLA & COMPANY, LLP
Certified Public Accountants

GOOD SERVANT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Good Servant, Inc.
44-07 Little Neck Parkway,
Little Neck, New York 11363

We have audited the accompanying financial statements of **Good Servant, Inc. (the "Company")**, which comprise the balance sheet as of September 30, 2019 and the related statement of income, statement of changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Servant, Inc. as of September 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Good Servant, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report January 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements for which it has been derived

Padilla and Company, LLP

Jamaica, New York
December 27, 2019

GOOD SERVANT, INC.
BALANCE SHEETS
AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS		**2019**		**2018**
Current Assets				
Cash and cash equivalents (Note 4)	$	28,989	$	22,286
Receivables (Note 5)		24,362		65,187
Due from owner (Note 6)		70,648		70,648
Investment (Note 13)		-		56,000
Inventory (Note 7)		-		132,604
Due from affiliate company (Note 7)		122,332		-
Total current assets		246,331		346,725
Non-Current Assets				
Property and equipment, net (Note 8)		57,865		67,335
Other assets		13,000		13,001
Total non-current assets		70,865		80,336
TOTAL ASSETS	**$**	**317,196**	**$**	**427,061**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Accounts payable and accrued expense (Note 9)	$	32,877	$	108,211
Loan from shareholder (Note 10)		34,007		-
Notes payable (Note 11)		36,657		100,526
Wage payable		12,570		-
Income Tax Payable		-		6,726
Withholding taxes payable		4,246		6,804
Total liabilities		120,357		222,267
Stockholder's equity				
Common stock				
200 shares authorized, no par value, 200 shares issued and outstanding		10,000		10,000
Additional paid-in capital		150,000		150,000
Retained earnings		36,839		44,794
Total stockholder's equity		196,839		204,794
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**317,196**	**$**	**427,061**

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

GOOD SERVANT, INC.
STATEMENTS OF INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2019 and 2018

	2019	2018
REVENUES		
Royalties and franchise fee	$ 306,175	$ 299,065
Tuition fee	110,859	175,087
Grant revenue	144,818	173,781
Other revenues	167	6,335
Total Revenues	562,019	654,268
EXPENSES		
Operating expenses (Note 12)	492,449	545,262
Loss of investment (Note 13)	56,000	-
Cost of sales (Note 14)	-	58,465
Depreciation and amortization (Note 7)	9,471	12,745
Interest expense	9,986	5,958
Total Expenses	567,906	622,430
Income before income taxes	(5,887)	31,838
Provision for income taxes	2,068	(6,726)
Net income	**$ (7,955)**	**$ 25,112**

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

GOOD SERVANT, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
AS OF SEPTEMBER 30, 2019 AND 2018

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholder's Equity
Balance at September 30, 2017	200	$ 10,000	$ 150,000	$ 19,682	$ 179,682
Net income	-	-	-	$ 25,112	25,112
Balance at September 30, 2018	200	10,000	150,000	44,794	204,794
Net income				(7,955)	(7,955)
Balance at September 30, 2019	**200**	**$ 10,000**	**$ 150,000**	**$ 36,839**	**$ 196,839**

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

GOOD SERVANT, INC.
STATEMENTS OF CASH FLOWS
AS OF SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash flow from operating activities:		
Net income	$ (7,955)	$ 25,112
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	9,471	12,745
Movements in:		
Receivables	167,473	(14,610)
Due from owner	(70,648)	-
Due from affiliate company (Note 7)	(122,332)	-
Loan from shareholder (Note 10)	34,007	-
Inventories	132,604	(11,484)
Accounts payable	(75,334)	83,072
Wage payable	12,570	-
Income taxes payable	(6,726)	6,726
Withholding taxes payable	(2,558)	5,014
Cash provided by operating activities	70,572	106,575
Income taxes paid	-	(170)
Net cash provided by operating activities	70,572	106,405
Cash flow from financing activities:		
Notes payable	(63,869)	4,385
Payment of long-term debts	-	(106,833)
Net cash used for financing activities	(63,869)	(102,448)
Net cash during the period	6,703	3,957
Cash at the beginning of the year	22,286	18,329
Cash at the end of the year	$ 28,989	$ 22,286

SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND FINANCING TRANSACTIONS

	2019	2018
Cash paid for interest (Note 8)	$ 9,986	$ 5,958

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

NOTE 1 COMPANY AND NATURE OF BUSINESS

Good Servant, Inc. (the "Company") was incorporated under Section 402 of the Business Corporation Law in the State of New York on September 28, 2001 and applied for a C Corporation status which was approved on October 1, 2001. The Company provides a comprehensive range of services including reading programs for all levels in Queens, New York, learning center franchise to other location in the United States of America, buy and sell of educational books, usage of materials developed internally and other educational purposes services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Company prepares its financial statements using the accrual method of accounting. The revenues are recognized when earned and expenses are recognized when incurred.

Basis of Preparation
The financial statements have been prepared in conformity with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Company are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents
Cash and cash equivalents mainly consist of cash on hand and cash in banks from major banking institution. The carrying amount of these assets approximates their fair value.

Receivables
Receivables consist of collectibles from book sales as well as other receivables from the normal course of business. The Company provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Inventory
Inventory consists of books which are stated at the lower of cost or net realizable value.

Property and equipment
Property and equipment consist of office furniture and equipment and leasehold improvement. Property and equipment is recorded at cost. Depreciation and amortization is computed on the straight-line method. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes payable
Notes payable consists of line of credit availed from major banking institution.

Income Taxes
For financial reporting purposes, the Company has elected to use the taxes payable method. Under that method, income tax expense represents the amount of income tax the Company expects to pay based on the Company's current year taxable income.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Reclassifications
Certain reclassifications may have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Accounting Standards Issued but Not Yet Adopted
In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," as modified (ASC 842), which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASC 842 will require lessees to recognize most leases on their balance sheets as liabilities, with corresponding "right-of-use" assets, and is effective for annual reporting periods beginning after December 15, 2018, subject to early adoption. For income statement recognition purposes, leases will be classified as either a finance or an operating lease without relying upon the bright-line tests under current GAAP. The new standard will affect the Company's financial statements for the year ending September 30, 2020.

NOTE 3 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash accounts in a financial institution which may exceed the federal depository insurance coverage limit of $250,000.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2019 and 2018 consist of:

	2019	2018
Cash on hand	$ 10,108	$ 10,107
Cash in bank	18,880	12,179
	$ 28,988	$ 22,286

NOTE 5 RECEIVABLES

This account as of September 30, 2019 and 2018 consists of $24,362 and $65,187 from client respectively. As of audit report date, no subsequent collections.

NOTE 6 DUE FROM OWNER

On December 17, 2012, the owner borrowed funds from Good Servant, Inc. in the amount of $70,648, for the purpose of purchasing another company.

NOTE 7 DUE FROM AFFILIATE COMPANY AND RELATED PARTY TRANSACTIONS

On October 1, 2018, Good Servant, Inc. transferred its inventory to Ztree, Corp. which is 100% owned by the same owner of Good Servant, Inc. During fiscal year 2019, Good Servant, Inc. also sold and purchased book on behalf Ztree, Corp. The transactions detail as below:

	2019
Inventory, beginning	$ 132,604
Less: Inventory write-off	(13,839)
Inventory transferred to Ztree	118,765
Add: Book purchases and freight on behalf Ztree	12,314
Less: Book sales on behalf Ztree	(8,747)
Total Due from affiliate company	$ 122,332

As of audit report date, no collections received from Ztree, Corp.

NOTE 8 PROPERTY AND EQUIPMENT

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Furniture and fixtures	$ 19,041	$ 19,041
Leasehold improvement	119,116	119,116
Total	138,157	138,157
Less: accumulated depreciation	80,292	70,822
Net Property and equipment	$ 57,865	$ 67,335

NOTE 9 ACCOUNT PAYABLE

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Payable to publisher	$ 1,685	$ 18,714
Credit Card payable	15,206	89,499
Accrued expense	6,500	-
Other account payable	9,486	-
Total	$ 32,877	$ 108,211

As of audit report date, $15,206 was subsequently paid.

NOTE 10 LOAN FROM SHAREHOLDER

The amount of $34,007 represents advances made by the shareholder on behalf of Good Servant, Inc. to pay the necessary expense.

NOTE 11 NOTES PAYABLE

The Company has an existing line of credit with Chase Bank. The line bears interest at the bank's prime lending rate. The line is reviewed annually and is due on demand.

	2019	2018
Business revolving line of credit at 6.65% annual percentage rate	$ 36,657	$ 98,914
Overdraft line of credit at 11.25% annual percentage rate	-	1,612
	$ 36,657	$ 100,526

Total interest expense paid as of September 30, 2019 and 2018 amounted to $9,986 and $5,958 respectively. As of audit report date, $36,657 was subsequently paid.

NOTE 12 OPERATING EXPENSES

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Salaries and wages	$ 171,222	$ 142,829
Rent	129,700	140,319
Professional fees	54,512	66,951
Repairs and maintenance	22,078	13,614
Transportation and travel	15,297	18,041
Payroll taxes	15,264	24,221
Inventory write-off	13,839	-
Computer and server	13,000	13,635
Insurance expense	12,320	13,868
Communication and utilitie	11,264	19,577
Office expenses	6,558	38,110
Licenses permit	4,190	2,225
Provision for bad debts	-	32,950
Educational expenses	-	2,240
Other expenses	23,205	16,682
Total	$ 492,449	$ 545,262

NOTE 13 LOSS OF INVESTMENT

On October 26, 2012, Good Servant, Inc. purchased private tutoring business from Phillips Enterprises, Inc. for $50,000. In current fiscal year, the tutoring business was completely discontinued. As of result, Good Servant, Inc. incurred loss of investment, amounting to $56,000 including $50,000 purchase price and $6,000 security deposit in fiscal year 2019.

NOTE 14 COST OF SALES

This account as of September 30, 2019 and 2018 consist of the following:

	2019	2018
Inventory, beginning	$ 132,604	$ 121,120
Purchases	-	61,095
Freight	-	8,854
Total goods available for sale	132,604	191,069
Less: Inventory transferred	(122,332)	-
Inventory write-off	(13,839)	-
Inventory, ending	$ -	(132,604)
Cost of sales	-	$ 58,465

NOTE 15 COMMITMENTS AND CONTINGENCIES

Good Servant, Inc. entered into an operating lease agreement with Harbest Inc. for its office space located at 44-07 Little Neck Parkway, Little Neck, NY, 11363 beginning on January 1, 2018 until December 31, 2027. The minimum annual lease payments for commitment of this agreement are as follows:

Year	Minimum Lease Payments
2020	$ 117,600
2021	120,000
2022	122,400
2023	124,800
Thereafter	523,200

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated events and transactions for potential recognition or disclosure through December 27, 2019, the date the financial statements were available to be issued. No other subsequent events that came to our attention warranting adjustments or disclosure.

Attachment B – Franchise Agreement

SEE FRANCHISE AGREEMENT

Attachment C – List of Current and Former Franchisees

The current franchisees are listed as of September 30th, 2019

C1. Company Owned

Little Neck	718-229-6400	44-07 Little Neck Parkway, Little Neck, Little Neck, NY 11363
Nassau	516-873-8500	424 Hillside Ave. Williston Park, NY 11596
Irvine	949-468-5984	4040 Barranca, Suite 200 Irvine, CA 92604
Plainview	516-822-3888	525 South Oyster Rd. Plainview, NY 11803

C2. Current Franchisees

Fort Lee Franchisee:	202-302-9696 Mr. Chul Bae	527 Main St. Fort Lee, NJ 07024
Paramus Franchisee:	201-843-0030 Mrs. Young S. Kang	29 N. Fairview Ave. 2fl. Paramus, NJ 07652
Sunnyside Franchisee:	718-784-1234 NK Global Leaders, Inc.	35-01 Queens Blvd. 2fl. Long Island City, NY 11101
Closter Franchisee:	201-767-7732 Mr. Seok Ho Park	570 Piermont Rd. #C3 Closter, NJ 07624
Syosset Franchisee:	516-921-2761 Mr. Sung Hyun Choi	6851 Jericho Turnpike, #130, Syosset, NY 11791
Flushing Franchisee:	718-445-6500 Mrs. Kyeong-Ah Choi	42-02 192nd St. Flushing, NY 11358

Cupertino	408-615-0557	384 S. Baywood Ave
Franchisee:	Dr. Tae Jim Kim	San Jose, CA 05128
Torrance	310-533-0200	2370 W. Carson St. Suite #250
Franchisee:	Mrs. Kyuna Choi	Torrance, CA 90501
Woodbury	949-387-5014	910 Roosevelt, #200
Franchisee:	Mrs. Hayoung Chung	Irvine, CA 92620
Cerritos	562-924-0386	13253 South St.
Franchisee:	Mrs. Sarah Kang Kim	Cerritos, CA 90703
La Habra	714-526-1100	1222 S. Idaho St. Suite A
Franchisee:	Mrs. Sookhee Song	La Habra, CA 90631
Glenview	224-415-3495	1935 Shermer Rd. Suite 260
Franchisee:	K&P Edu Co.	Northbrook, IL 60062
Yorba Linda	714-996-1619	1073 E. Imperial Highway,
Franchisee:	Mr. Youngman Cho	Placentia, CA 92870
Palisades	201-566-7111	12 East Edsall Blvd.
Franchisee:	Mr. Sengsoo Kim	Palisades Park, NJ 07650
Bayside	718-423-4333	48-09 Bell Blvd,
Franchisee:	RT Bayside NY Inc.	Bayside, NY 11364
Fremont	510-358-2615	39420 Liberty Street, #140
Franchisee:	Ms. Amy Cho	Fremont, CA 94538
Anaheim	714-316-5577	1086 N. Tustin Ave.
Franchisee:	Intellink Education, LLC	Anaheim, CA 92807
Walnut	909-464-2558	20955 Lycoming St.
Franchisee:	Excellink Education, LLC	Walnut, CA 91789
Ellicott City	410-465-5465	9011 Chevrolet Drive
Franchisee:	Mr. Paul Jung	Elicott City, MD 21042

C3. Former Franchisees

Fayetteville Franchisee:	910-574-8505 Mr. Woong Cheol Kim	404-103 Santa Fe Dr. Fayetteville, NC 28303
Bayside Franchisee:	N/A Mrs. Keum Sun Lee	214-25 42 Ave. Bayside, NY 11361
Troy Franchisee:	248-250-9018 First Bridge Inc.	1073 E Long Lake Rd. Troy, MI 48085
Edison Franchisee:	732-777-1144 Mrs. Eunice H. Oh	1876 Route 27, #203 Edison, NJ 08817
Buffalo Grove Franchisee:	847-793-8778 Mr. Seong Ha Lee	131 McHenry Rd. Buffalo Grove, IL 60089
Tenafly Franchisee:	201-567-7877 Mrs. Sung Min	111 Dean Dr. #1N Tenafly, NJ 07670
Old Tappan Franchisee:	201-564-7185 Mrs. Hellen Kim	184 Central Ave. Old Tappan, NJ 07675
Long Island Franchisee:	516-513-1668 Mr. Sang Hyuk Lee	525 South Oyster Bay Road Plainview, NY 11803
Woodside Franchisee:	347-855-9997 JM & Goshen Inc.	45-06 64th Street, Woodside, NY 11377

Note: If You buy this franchise, Your contact information may be disclosed to other Buyers when you leave the franchise system.

Attachment D – Operation Manual for Administration

Table of Contents (TOTAL: 250 pages: pp1-250)

Chapter 6: Franchisee Training Requirements (total 8 pages: pp53-60)

Reading Town Orientation Training Reading Town Qualified Certifications Additional Training & Refresher Courses Annual Reading Town National Conference

Chapter 7: Staffing Your Reading Town Franchise (total 8 pages: pp61-68)

A Word on Legal Compliance
Staffing Your Reading Town Franchise
Position Descriptions with Profiles

Chapter 8: Office Policies (total 8 pages: pp69-76)

Setting Up Your Office
Quality Standards of Service
Service and Courtesy to Clients
Handling Typical Complaints and Problems
Employee Appearance (Dress Code)
Parents or Visitors in the Workplace
Computer Usage
Seven Rules for Parents and Students

Chapter 9: Computer system & Office device (total 86 pages: pp77-164)

Client-Server Program
E-Learning Gate (ELG)
E-Scan Level Test
E-Talk
W2
NextBuk
RF-Card
Barcode Scanner

Chapter 10: Initial set up & Initial order (total 24 pages: pp165-189)

Library Books and Workbooks
Office Documents and Forms
Office Supplies

Chapter 11: Administration (total 10 pages: pp189-196)

Record Keeping
Accounting Services

Chapter 12: Reports, Audits & Inspections (total 6 pages: pp197-202)

Franchisee Reports
Records and Reports
Failure to Report
Audits and Inspections
Contact with Others
Appendix 12-1 Monthly Report Form

Attachment E - Operation Manual for Instruction

Table of Contents (TOTAL: 133 pages: pp1-133)

Attachment E - Operation Manual for Instruction

Chapter 5 MATH CENTER (total 14 pages: pp105-118)
- **Math Program Guide**
- **Math Computation (pre-K ~ 7th grade)**
- **My Math-Class / My Math-Review (K ~ 6th grade)**
- **Math Wiz (3rd Gr ~ 7th Grade)**
- **Math Wiz (8th Gr ~ 11th Grade)**
- **Advanced Math (7th Gr ~ 11th Grade)**

Chapter 6 DEBATE CENTER (total 15 pages: pp119-133)
- **What Reading Town Debate Program Is**
- **Educational Effect of Reading Town Debate Program**
- **The features of Reading Town Debate Program**
- **Reading Town Debate Curricula**
  7. **Debate Basic**
  8. **Debate Intermediate**
  9. **Public Forum**

Attachment F – Registered Agents

Franchisor's agents for service of process are as follows:

California:
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

Connecticut:
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103

Delaware:
Mr. Richard H. (Rick) Bell, President
Harvard Business Services, Inc.
25 Greystone Manor
Lewes, Delaware, 19958-9776

Florida:
Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700

Hawaii:
Business Registration Division
Department of Commerce and Consumer Affairs
1010 Richards Street
Honolulu, HI 96813

Illinois:
Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

Iowa:
Director of Regulated Industries Unit
Iowa Securities Bureau
340 Maple
Des Moines, IA 50319-0066

Maryland:
Maryland Securities Commissioner
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan:
Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota:
Minnesota Commissioner of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska:
Department of Banking & Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509

New York:
New York Secretary of State
41 State Street
Albany, NY

North Dakota:
Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58

Oregon:
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island:
Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota:
Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Texas:
Secretary of State
P.O. Box 12887
Austin, TX 78711

Virginia:
Clerk
State Corporation Commission
1300 E Main Street, 1st Floor
Richmond, VA 23219

Washington:
Director
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507-9033

Wisconsin:
Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

Attachment G – State Agencies

The State agencies involved with franchising are as follows:

California:
Commissioner of Business Oversight
One Sansome Street, Suite 600
San Francisco, CA 94104-4428

Connecticut:
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800

Florida:

Department of Agriculture & Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, FL 32314-6700

Hawaii:
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, HI 96810

Illinois:
Illinois Attorney General
Office of Attorney General
500 S Second
Springfield, IL 92796

Indiana:
Franchise Section
Secretary of State
302 West Washington Street
Indianapolis, IN 46204

Iowa:
Director of Regulated Industries Unit
Iowa Securities Bureau
340 East Maple
Des Moines, IA 50319-0066

Maryland:
Office of the Attorney General
Securities Division
200 St. Paul Place, 20th Floor
Baltimore, MD 21202-2020

Michigan:

Franchise Administrator
Michigan Department of Attorney General
670 Law Building
Lansing, MI 48913

Minnesota:
Franchise Examiner
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, MN 55101

Nebraska:
Department of Banking and Finance
1200 N Street, Suite 311
PO Box 95006
Lincoln, NE 68509

New York:
Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

North Dakota:
Franchise Examiner
Office of Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, ND 58505

Oregon:
Director
Department of Consumer and Business Services
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310

Rhode Island:
Chief Securities Examiner
Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota:
Franchise Administrator
Division of Securities
118 West Capitol
Pierre, SD 57501

Texas:
Statutory Document Section
PO Box 12887
Austin, TX 78711

Utah:
Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
PO Box 45804
Salt Lake City UT 84145-0804

Virginia:
State Corporations Commission
Division of Securities and Retail Franchising
1300 E Main Street, 9th Floor
Richmond, VA 23219

Washington:
Director
Department of Financial Institutions
Securities Division

PO Box 9033
Olympia, WA 98507-9033

Wisconsin:
Franchise Administrator
Division of Securities
Department of Financial Institutions
PO Box 1768
Madison, WI 53701

The Address of the United States Federal Trade Commission is:
Federal Trade Commission
Washington, D.C. 20580

Attachment H – State Law Addendum

Addendum for State-Specific Requirements

GENERAL

These states have statutes which may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e *et seq.*], DELAWARE [Code, Tit. 6, Chap. 25, Section 2551 et seq.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1 – 523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise.

Some states have statutes that limit Our ability to restrict your activity after the franchise agreement has ended. Other states have court decisions limiting Our ability to restrict your activity after the franchise agreement has ended.

A provision in the franchise agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code.

CALIFORNIA ADDENDUM
(APPLIES ONLY TO CALIFORNIA FRANCHISEES)

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

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER, BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Neither We nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq. suspending or expelling the persons from membership in that association or exchange.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER BY THE PERSON ACQUIRING A FRANCHISE OF CERTAIN RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF CERTAIN RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Item 17: Additional Paragraph(s) required. The paragraph (s) required by this provision may be included in Item 17 or in a preface, exhibit, or appendix, which is part of the offering circular. If the paragraph(s) are in a preface, exhibit, or appendix, a reference to preface, exhibit, or appendix shall be prominently set for in Item 17.

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.)

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur at Queens, New York, USA, with the costs of arbitration being borne equally by the parties. Each party will bear its own expenses, including attorney's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of California. The provision may not be enforceable under California law.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

If your Licensed Business will be in California, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

OUR WEBSITE (www.readingtown.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCENERING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

HAWAII ADDENDUM
(APPLIES ONLY TO HAWAII FRANCHISEES)

If your Licensed Business will be in Hawaii, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

ILLINOIS ADDENDUM
(APPLIES ONLY TO ILLINOIS FRANCHISEES)

The receipt and the Franchise Agreement are both amended to provide that We must provide the Franchise Disclosure Document to You at least fourteen calendar days before You sign any binding contract or give us any money.

The Illinois Franchise Disclosure Act, Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois. The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41). You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act (Section 41). You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois. To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

INDIANA ADDENDUM
(APPLIES ONLY TO INDIANA FRANCHISEES)

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

MARYLAND ADDENDUM
(APPLIES ONLY TO MARYLAND FRANCHISEES)

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise, We may not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law. Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

If you are a resident of Maryland or your Licensed Business will be in Maryland, You will not pay your Initial Fee or any other money to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

Item 17 of the Franchise Disclosure Document and Article 19 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Article 19 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland. Item 17 is hereby amended by adding the identical language in the "summary" column of line v.

MINNESOTA ADDENDUM
(APPLIES ONLY TO MINNESOTA FRANCHISEES)

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

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

If your Licensed Business will be in Minnesota, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

NEW YORK ADDENDUM
(APPLIES ONLY TO NEW YORK FRANCHISEES)

Item 3 is amended to read as follows:

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded *nolo contendere* to any felony charge or during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been convicted of or pleaded *nolo contendere* to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations. Neither We nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of 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 by 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.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people.

Item 17 is amended by changing the caption and preliminary statement to read as follows:

> Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
>
> THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations.

NORTH DAKOTA ADDENDUM
(APPLIES ONLY TO NORTH DAKOTA FRANCHISEES)

Under North Dakota law, no modification or change We make to the Manual or method of operation may materially affect your status, rights or obligations under the Franchise Agreement.

Covenants not to compete are considered unenforceable in the State of North Dakota.

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered unenforceable.

The North Dakota Franchise Investment Law (Section 51-19-09) requires that the laws of North Dakota, which laws will prevail, will govern the Franchise Agreement. Further, North Dakota law requires that all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota.

Under the North Dakota Franchise Investment Law (Section 51-19-09), a North Dakota franchisee may not be required to execute a general release upon renewal of the Franchise Agreement.

RHODE ISLAND ADDENDUM
(APPLIES ONLY TO RHODE ISLAND FRANCHISEES)

Item 17 is amended by adding the following: Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

If your Licensed Business will be in Rhode Island, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

SOUTH DAKOTA ADDENDUM
(APPLIES ONLY TO SOUTH DAKOTA FRANCHISEES)

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding 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 as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, We not terminate the franchise agreement upon default without first affording you thirty (30) days notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.

VIRGINIA ADDENDUM
(APPLIES ONLY TO VIRGINIA FRANCHISEES)

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

WASHINGTON ADDENDUM
(APPLIES ONLY TO WASHINGTON FRANCHISEES)

If any of the provisions in the Franchise Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Franchise Disclosure Document and franchise agreement with regard to any franchise sold in Washington.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

Initial Fees of new Washington franchisees are held in an escrow account until the franchisee’s business is open.

The state law addendum, above, if applicable, is a part of the Franchise Agreement and supersedes any inconsistent term(s) of the Franchise Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year indicated below.

Date signed:____________________	**Date signed:** ____________________
FRANCHISOR:	**FRANCHISEE:**
Good Servant, Inc. **(d/b/a Reading Town)**	
By ________________________ CEO	Franchisee
44-07 Little Neck Parkway, **Little Neck, NY 11363**	Address: ____________________
718) 229 - 6400	Phone: ____________________

Attachment I – Franchise Application

Date: ______________________

APPLICATION FOR A READING TOWN FRNACHISE (US)
TERRITORY A

I/We ____

of____
hereby submit an application to **Good Servant** , Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a **Reading Town**Franchise:

Our **Reading Town** Franchise is to be located in:

_________________________________, in the state of_____________________(the "State").
This application once submitted is subject to the following terms and conditions:

1. Initial Franchise Fee for this franchise is $**35,000.00** payable in certified check as follows:

   a. **Five Thousand Dollars** ($**5,000**) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application.

   b. **Twenty Thousand Dollars** ($**30,000**) is due and payable to **Reading Town** within seven (7) days of notification that my/our application has been approved. At such time, I/we will execute the **Reading Town** Franchise Agreement and appropriate Exhibits.

2. If my/our Application is disapproved by **Reading Town**, the $5000 deposit will be immediately refunded

3. I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Reading Town**'s current form of Franchise Disclosure Document applicable to the State. I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it.

4. I/we have submitted a completed Confidential Qualification Report, including a completed Individual Financial Statement on **Reading Town**'s form and I/we hereby authorize **Reading Town** to conduct an investigation of my/our background(s) to verify the information submitted.

5. I/we acknowledge and understand that submission of this application does not bind or obligate **Reading Town**, Inc. to issue a **Reading Town** Franchise to me/us.

(Signature)	**(Signature)**
Applicant (Print Name)	**Applicant (Print Name)**

Date: ______________________

APPLICATION FOR READING TOWN FRANCHISE (US)
TERRITORY B

I/We ____

of____
hereby submit an application to **Good Servant** , Inc (d/b/a Reading Town), 44-07 Little Neck Parkway, Little Neck, NY 11363 for a **Reading Town**Franchise:

Our **Reading Town** Franchise is to be located in:

______________________________, in the state of__________________(the "State").
This application once submitted is subject to the following terms and conditions:

1. Initial Franchise Fee for this franchise is $**25,000.00** payable in certified check as follows:

   a. **Five Thousand Dollars** ($**5,000**) deposit (non refundable, except as set forth in Paragraph 2 below) Payable to Reading Town upon submitting this Application.

   b. **Twenty Thousand Dollars** ($**20,000**) is due and payable to **Reading Town** within seven (7) days of notification that my/our application has been approved. At such time, I/we will execute the **Reading Town** Franchise Agreement and appropriate Exhibits.

2. If my/our Application is disapproved by **Reading Town**, the $5000 deposit will be immediately refunded

3. I/we acknowledge that I/we have, at least fourteen calendar days, prior to the signing of this Application Agreement, received **Reading Town**'s current form of Franchise Disclosure Document applicable to the State. I/we understand that a completed form of the Franchise Agreement will be provided at least five business days prior to signing the Franchise Agreement, and that all other terms are to be in accordance with it.

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5. I/we acknowledge and understand that submission of this application does not bind or obligate **Reading Town**, Inc. to issue a **Reading Town** Franchise to me/us.

(Signature)	**(Signature)**
Applicant (Print Name)	**Applicant (Print Name)**

[RETAIN THIS COPY FOR YOUR RECORDS]

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

If Reading Town, at 44-07 Little Neck Parkway, Little Neck, NY 11363 (phone: 718- 229-6400) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or soon if required by applicable state law.

New York State requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Reading Town 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, C.C. 20580 and NYS Department of Law, Investor Protection Bureau, 28 Liberty Street, 21st Floor, New York, NY 10005.

This Franchise Disclosure Document was issued on January 10th, 2019.

I have received a Franchise Disclosure Document, dated______________________________________. that included the following Attachments:

A. Financial Statements
B. Franchise Agreement
C. List of Current and Former Franchisees
D. Operation Manual for Administration Table of Contents
E. Operation Manual for Instruction Table of Contents
F. Our Agents for Service of Process
G. State Agencies
H. State Law Addendum
I. Franchise Application

Issue Date: **January 10th,**

Signature:

Printed Name:

Address:

City **State** **Zip**

RECEIPT

[RETURN THIS COPY TO US]

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

If Reading Town, at 44-07 Little Neck Parkway, Little Neck, NY 11363 (phone: 718-229-6400) offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or soon if required by applicable state law.

If Reading Town 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, C.C. 20580 and Department of Business Oversight, One Sansome Street, Suite 600, San Francisco, CA 94104-4428.

Franchise seller: Mr. Soon Phil Song, 1222 S. Idaho Street, Suite A, La Habra, California 90631 (Phone: 714-900-0856)

This Franchise Disclosure Document was issued on December 29th, 2018

I have received a Franchise Disclosure Document, dated___________________________ that included the following Attachments:

A. Financial Statements
B. Franchise Agreement
C. List of Current and Former Franchisees
D. Operation Manual for Administration Table of Contents
E. Operation Manual for Instruction Table of Contents
F. Our Agents for Service of Process
G. State Agencies
H. State Law Addendum
I. Franchise Application

Issue Date: December 29th, 2018

Signature

Printed Name

Address

City State Zip

RECEIPT

Good Servant, Inc.
(d/b/a/ Reading Town)

44-07 Little Neck Pkwy, Little Neck, NY 11363

Tel. 718-229-6400