FRANCHISE DISCLOSURE DOCUMENT

Freedom Learning, LLC
a Wyoming limited liability company
~~1300 Bristol Street N, Suite 100~~
2618 San Miguel Drive, #270
Newport Beach, California 92660
Phone: (949) 264-3195
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Freedom Learning, LLC offers franchises for a supplemental education business that integrates custom schooling, adaptive learning and an academically intensive curriculum for families seeking a structured, high-quality academic alternative to homeschooling. Franchisees may choose between a home-based business where a limited number of students visit the franchisee's home to attend classes (a "Home-Based Academy") or a business operated from a non-residential premises (a "Traditional Academy").

The total investment necessary to begin operation of a Seashore Academy franchise ranges from $~~98,175~~21,015 to $~~275,300.~~38,090 (for a Home-Based Academy) or $47,515 to $208,790 (for a Traditional Academy). This includes $~~56,500~~12,490 that must be paid to us.

~~Area developers must commit to open a minimum of 2 Seashore Academies. If you purchase area development rights to open either 3 Seashore Academies (low estimate) or 5 Seashore Academies (high estimate), the total investment necessary to begin operation of a Seashore Academy franchise ranges from $168,175 to $395,300. This includes $126,500 to $176,500 that must be paid to us.~~

This Disclosure Document summarizes certain provisions of your franchise ~~agreement, area development~~ agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 franchisor at ~~1300 Bristol Street N, Suite 100~~2618 San Miguel Drive, #270, Newport Beach, California 92660 or by phone at (949) 264-3195.

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

Issuance Date: July ~~27, 2023~~23, 2024

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

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

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

4. **Termination.** If you fail to open your franchise within the time period required by the Franchise Agreement, the franchisor may, in its sole discretion, elect to terminate the Franchise Agreement upon five (5) days' written notice.

5. **Unregistered Trademark.** One of the primary trademarks that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

6. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor in a system with a longer operating history.

7. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

MICHIGAN

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

  (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

  (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right

to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean Freedom Learning, LLC - the franchisor.

"You" means the person who buys a Seashore Academy franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

"Seashore Academy" or "Academy" refers to the franchised business offered under this Disclosure Document. It includes any supplemental education business that ~~operates under the name "Seashore Academy" and uses our operating system, including outlets operated by us, our affiliate, you or another franchisee.~~we authorize to use our Curriculum, Teaching Methodology and Marks (each defined below).

Corporate Information

Freedom Learning, LLC is a Wyoming limited liability company that was organized on August 25, 2021. Our principal business address is located at ~~1300 Bristol Street N, Suite 100~~2618 San Miguel Drive, #270, Newport Beach, California 92660~~ and our~~. Our telephone number is (949) 264-3195. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than "Freedom Learning, LLC".

Business History

We began offering Academy franchises in March 2022. We are not engaged in any business other than offering Academy franchises and administering the franchise system. We have never offered franchises in any other line of business.

We have never directly owned and operated an Academy. Our founder and Chief Executive Officer, Marlene Dandler, opened the first Seashore Academy in Newport Beach, California in January 2019. ~~Since that time, she opened 2 additional Academies in California. Each of these Academies is owned and operated by an affiliate.~~

Predecessors, Parents and Affiliates

We do not have any predecessors or parent companies. We do not have any affiliates that either: (a) offer (or have ever offered) franchises in this or any line of business; or (b) provide products or services to our franchisees.

Description of Franchised Business

If we award you a franchise, you will develop and operate a supplemental education business that integrates custom schooling, adaptive learning and an academically intensive curriculum. Seashore Academies are geared towards the needs of families seeking a structured, high-quality academic alternative to homeschooling. ~~Our~~They offer flexible academic scheduling to accommodate the schedules of parents and students.

Seashore Academy classes, which include core subjects as well as various electives and enrichment options, are offered to students ranging from Kindergarten through 8th grade. ~~In addition to the traditional Fall and Spring sessions (September to June), Academies may (but need not) offer Summer Camp sessions.~~They are built around our proprietary curriculum (the "Curriculum") and taught using our proprietary teaching and educational methodologies (the "Teaching Methodology").

~~The~~ Our customizable franchise offering allows you to choose the business model that best fits your needs. You may choose to operate your Academy either: (a) as a home-based business where a limited number of students visit your home to attend classes (a "Home-Based Academy"); or (b) from a non-residential premises that can accommodate a larger number of students (a "Traditional Academy"). A Traditional Academy can be operated either from: (a) a dedicated commercial facility that you own or lease; or (b) a church, synagogue, YMCA or other community facility that grants you permission to use the premises on a temporary basis. You may also choose between operating your Academy under: (a) the name SEASHORE ACADEMY®; or (b) a different name that

you select and we approve (in which case you must list your business name in conjunction with the tagline "A SEASHORE ACADEMY® Certified Education Center"). In addition to Fall and Spring sessions (September to June), you have the option (but not the obligation) to offer Summer Camp sessions.

You must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you ~~acquire is referred to~~purchase as your "Business" or your "Academy.~~" You must sign a franchise agreement in the form attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). You must develop, open and operate your Academy in accordance with the terms of the~~ ". The Franchise Agreement~~. We will grant~~ grants you a license to use certain ~~logos,~~ service marks~~ and~~, trademarks, trade names, logos and taglines, including ~~the service mark "Seashore Academy" and~~ SEASHORE ACADEMY® and the related logo (collectively, the "Marks"). ~~Our "~~The Marks~~"~~ also include any distinctive trade dress used to identify a Seashore Academy~~, whether now in existence or created in the future.~~

~~We have developed a distinct system (the "System") for the operation of a Seashore Academy. Distinctive characteristics of the System include:~~. The Franchise Agreement also grants you a license to use our ~~Marks; proprietary programs and products; proprietary curriculum; flexible academic scheduling; academically intensive curriculum; training programs; marketing~~Curriculum and ~~promotional programs; and operating system. The operational aspects of an Academy are contained within our~~Teaching Methodology. Our confidential Brand Standards Manual (the "Manual~~").~~") describes the operational aspects of a Seashore Academy. You will operate your Academy as an independent business using the ~~Marks, the System and~~Curriculum, Teaching Methodology, Marks and information in the Manual, as well as the support, guidance, tools and other methods and materials we ~~make available to you.~~ provide.

~~Area Development Rights~~

~~If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an "ADA"). The ADA grants you the right and obligation to establish and operate multiple Academies within a defined "development territory" according to a predetermined "development schedule". You must open and operate each of the Academies identified in the development schedule. We only grant area development rights to franchisees that commit to open and operate a minimum of 2 Academies. A copy of our current form of ADA is attached to this Disclosure Document as EXHIBIT "D". You will sign a separate franchise agreement for each Academy you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.~~

Market and Competition

The market for Seashore Academies includes families seeking a flexible, high-quality, alternative to homeschooling that blends the structure and quality of elite private education with the flexibility and freedom of homeschooling. Classes offered by Seashore Academies are seasonal in nature, typically running from September to June (with optional Summer classes). The education market, as a whole, is well-developed and competitive. ~~As a franchisee, you~~Franchisees may compete with public schools, private schools, charter schools, tutoring programs, supplemental education businesses and homeschooling programs. Some of our competitors operate under a franchise model.

Laws and Regulations

You must comply with all federal, state and local laws applicable to your Academy. There are a number of industry-specific laws that may apply to your ~~Business~~Academy, including:

- licensing or credentialing requirements applicable to schools and/or teachers
- special facility requirements for schools, including separate bathrooms for boys and girls, water fountains, special exit doors equipped with panic bars and accommodations for disabled persons
- special zoning laws applicable to schools or tutoring businesses

- laws regulating the terms and conditions of the enrollment agreement you use to enroll students
- child protection laws requiring background and criminal records checks on teachers and other individuals who may interact with children
- child protection laws that require reporting of any evidence of child abuse or neglect
- health and safety regulations applicable to the preparation, serving and storage of food at your Academy
- laws, rules and orders of governmental agencies concerning pandemics or public health crises, which may require businesses in the childcare industry to materially modify, limit or cease operations for an indeterminate period

Some of the laws listed above only apply to "schools". Because parents can send their children to classes on an as-needed basis, Seashore Academies are generally not considered to be "schools". Instead, they can be viewed as supplemental education or a homeschooling extension option for parents that homeschool their children. It is possible some state laws may characterize a Seashore Academy as a "school", in which case some of the school-specific laws listed above may apply to your Business. ~~However~~At this time, we are not aware of any state laws that would treat a Seashore Academy as a "school".

There may be other local, state and/or federal laws or regulations that apply to your Academy. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Marlene Dandler – Founder & Chief Executive Officer

Marlene Dandler has served as our Founder and Chief Executive Officer since August 2021. From July 2015 to present, she has also served as the Founder and Chief Executive Officer of our affiliate, Seashore Academy, LLC, in Newport Beach, California. Seashore Academy, LLC owns and operates each of our affiliate-owned Academies (prior to January 2019, the business was limited to a Mandarin immersion program and was materially different than the franchised business offered under this Disclosure Document).

~~**Rebecca Lee - Franchise Operations Director**~~

~~Rebecca Lee has served as our Franchise Operations Director since December 2021. From November 2017 to December 2021, she was a Children's Pastor for Friends Church in Orange, California.~~

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You ~~must~~ pay us a nonrefundable $~~55,000~~11,995 initial franchise fee at the time you sign the Franchise Agreement. The initial franchise fee is uniformly imposed except for the discounts listed below:

~~Multi-Unit Discount: We offer a 15% discount for existing franchisees purchasing an additional franchise.~~

~~Veteran Discount: We offer a 10% discount for honorably discharged veterans of the armed forces of the United States who provide a DD214 certificate.~~

~~Manager/Teacher Discount: We offer a 10% discount to individuals who have served as a manager or teacher at a Seashore Academy for a minimum of 2 years.~~

~~Area Developers: We offer area developers discounted initial franchise fees as discussed below under "Development Fee".~~

~~* In order to receive the discount, the qualifying individual (i.e., the honorably discharged veteran or experienced Seashore Academy manager/teacher) must hold at least a 50% ownership interest in the franchised business.~~

~~** An area developer that qualifies for the Veteran Discount and/or Manager/Teacher Discount will receive a 10% discount on the development fee (the discount is limited to 10% even if the area developer qualifies for both the Veteran Discount and Manager/Teacher Discount). Discounts may not otherwise be combined. Instead, the franchisee will receive the most favorable discount.~~

~~**Initial Training Fee**~~

~~You must pay us a nonrefundable $1,500 initial training fee at the time you sign the Franchise Agreement. The initial training fee is uniformly imposed.~~

~~**Development Fee**~~

~~If you sign an ADA, you must commit to purchase, open and operate a minimum of 2 Academies. The specific number of Academies you commit to develop will be listed in your development schedule. At the time you sign the ADA, you will pay us a nonrefundable development fee that varies depending on the number of Academies you commit to develop. If you qualify for the Veteran Discount and/or Manager/Teacher Discount, you will~~

~~receive a 10% discount on the applicable development fee. Our current development fees are listed in the table below:~~

~~Number~~Type of ~~Academies~~ Discount*	Discount~~Development Fee (no discount)~~	~~Development Fee (with Veteran/Manager/Teacher~~Qualifications for Discount~~)~~
~~2~~Veterans Discount	10% discount~~$99,000~~	~~$89,100~~Person holding at least a 50% interest in the franchise is an honorably discharged veteran of any branch of the United States military and provides Form DD-214.
~~3~~Manager / Teacher Discount	15% discount~~$125,000~~	~~$112,500~~Person holding at least a 50% interest in the franchise was a manager or teacher at a Seashore Academy for 2 years.
Multi-Unit Discount~~4 or more~~	~~$125,000 for first 3 Academies + $25,000 per additional~~15% discount (does not apply to 1st Academy ~~beyond 3~~)	~~$112,500 for first 3 Academies + $22,500 per additional Academy beyond 3~~Person holding at least a 50% interest in the franchise is an existing franchisee who (a) is purchasing an additional Academy and (b) is in compliance with all previously executed Franchise Agreements.

~~We expect most area developers will purchase the right to develop either 3 or 5 Academies, which results in (non-discounted) development fees ranging from $125,000 to $175,000. You must pay the full development fee at the time you sign the ADA. You will~~* Discounts may not ~~pay any additional~~be combined for a single Academy. If multiple discounts apply to the same Academy being purchased, you receive the discount resulting in the lowest total initial franchise fee ~~when~~.

Technology Fee

We may require you ~~sign~~ to pay us a technology fee for software, technology and related services that we provide. We currently charge a technology fee of $495 per year, which covers: (a) a local microsite we provide for your Academy; and (b) your gmail account. You pay us the 1st annual installment on the date you sign the Franchise ~~Agreements for Academies you develop under the ADA (i.e., the initial franchise fee is included in the development fee).~~Agreement. The ~~development~~technology fee is uniformly imposed and nonrefundable.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2,3]	DUE DATE	REMARKS
~~Royalty~~Enrollment Fee	~~8% of Gross Sales~~ [2]$1,995 per student per year	Date of enrollment & each anniversary of enrollment date ~~5th day of month~~	~~We may independently poll your point of sale system to generate Gross Sales reports. Upon request, you must also provide us with monthly Gross Sales reports, certified by you as to accuracy and completeness.~~Fee includes access to our Curriculum and the Seashore Student Management Platform. It also includes billing services, which we provide. The 1st annual fee is due at time student enrolls. The annual fee is not nonrefundable even if the student cancels enrollment before the end of the year.
Brand Fund Fee	Up to 2% of Gross ~~Sales~~ [2]Revenue (currently 1%)	5th day of month~~Same as royalty fee~~	~~See Note 3.~~You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2,3]	DUE DATE	REMARKS
Local Marketing Commitment	~~Greater of: (a) $200 per month or (b) 2% of Gross Sales [2]~~Up to $300 per month (waived for any time period during which you plan to enroll only your own children in a Home-Based Academy)	~~As~~Monthly, as incurred	~~You spend this~~This is the minimum amount ~~directly with suppliers for approved~~you must spend on local advertising and marketing~~.~~ (the "Local Marketing Commitment"). This expenditure is in addition to your Brand Fund Fee. We may reduce or waive ~~this requirement~~the Local Marketing Commitment at any time that student enrollment at your Academy is at least 90% of your maximum enrollment capacity.
~~Additional~~ Training or Assistance Fee	Up to $450 per person per day (plus ~~reimbursement of expenses~~Travel Expenses for onsite training)	10 days after invoice	~~See Note 4.~~Payable for each person who attends (a) initial training after you open (new Managing Owner or manager), (b) repeat training (after failing a prior attempt), (c) refresher or supplemental training, (d) remedial training or (e) additional training you request. Also payable if you request special assistance beyond what we are required to provide. You must also reimburse us for Travel Expenses we incur for training onsite at your Academy.
Conference Registration Fee	Up to $~~7~~7500 per person per conference (not currently charged)	10 days after invoice	~~See Note 5.~~ We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of written materials distributed at the conference).
Technology Fee	Varies (currently ~~$22 per student~~495 per year for website and gmail account)	Paid annually, but subject to change (1st payment due on effective date of the Franchise Agreement; subsequent payments due each anniversary of effective date)~~10 days after invoice or as we otherwise specify~~	~~See Note 6.~~This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include any amounts you pay directly to third-party suppliers.
Product Purchases	Varies depending on item purchased	10 days after invoice	We ~~and~~or our affiliate~~s~~ may ~~be suppliers~~serve as a supplier for certain goods or services ~~purchased by franchisees. Upon request~~you must purchase. If this occurs, we will provide you with a price list ~~for any goods or services purchased from us and our affiliates. We and our affiliates are not currently suppliers~~upon request.
New Product or Supplier Testing	Cost of testing (~~estimated to range from~~estimate of $25 ~~to~~ - $250 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2,3]	DUE DATE	REMARKS
Relocation Fee	$~~7~~2,500	At time we approve relocation request	~~Payable~~Imposed if ~~you~~ we approve your request to relocate your Academy to a new site (applies to Home-Based Academies and ~~we permit you to do so.~~Traditional Academies).
Renewal Fee	$~~5,000~~995	At time you sign Renewal Agreement	None.
Transfer Fee	~~*[Franchise Agreement]*~~ ~~$10,000~~$2,500	Before ~~t~~Transfer	~~Payable when you transfer or sell your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners.~~No transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
Reinspection Cost Reimbursement	~~*[ADA]*~~ ~~$15,000~~All Travel Expenses and other costs we incur to inspect your Academy, including time and materials	10 days after invoice	Imposed if we inspect your Academy to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
~~Reimbursement of Insurance Costs~~Management Fee	~~Actual costs we incur (including cost of insurance premiums)~~Up to $1,500 per day plus Travel Expenses	10 days after invoice	If you fail to ~~obtain and maintain~~timely cure a default under the ~~insurance~~Franchise Agreement or the Managing Owner dies, we ~~require, and we elect~~can designate a person to ~~do so on~~manage your ~~behalf,~~Academy until the default is cured or you ~~must reimburse us~~replace the Managing Owner.
~~Management Fee~~ Noncompliance fee	~~Up $500 per day plus reimbursement of travel and living expenses~~Up to $150 per incident	Upon demand~~10 days after invoice~~	~~If you default under the Franchise Agreement or the Managing Owner dies, we can designate a temporary manager to manage your Academy until you cure the default or find a replacement Managing Owner, as applicable.~~Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional $150 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee. We will deposit these fees into the Brand Fund (once established).
~~Fines~~ Default Reimbursements	~~Up to $500 per incident~~All costs we incur to cure your default	10 days after invoice~~Upon demand~~	~~Payable if~~If you fail to ~~comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not~~ cure ~~within~~a breach of the Franchise Agreement or our brand standards in the time period we require~~.~~, ~~W~~we may ~~impose an additional fine~~take steps to cure on your behalf and you must reimburse us for ~~every 48 hours the non-compliance issue remains uncured after we impose the initial fine. We will deposit all fines into the brand fund (once established~~our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2,3]	DUE DATE	REMARKS
Audit Fee	Actual cost of audit ~~(~~, including ~~travel and lodging expenses~~Travel Expenses for audit team~~)~~	10 days after invoice	~~Payable only~~Imposed if an audit (a) ~~reveals you understated any amount owed to us by at least 2% or (b)~~ is necessary because you fail to ~~furnish~~send us required information or reports ~~to us~~ in a timely manner or (b) reveals you understated amounts owed to us by 2% or more.
Late Fee	Default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law ~~(10% in California)~~	10 days after invoice	If ~~we~~our debit of your account ~~but there are insufficient funds,~~is rejected or ~~a~~your check ~~you issue~~to us is returned ~~due to~~for insufficient funds, we may charge (in addition to the late fee) an NSF fee of $75 per incident. In California, default interest is limited to 10% per annum.
Attorneys' Fees and Costs	Actual attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.
Indemnification	~~Actual~~Amount of our damages, losses or expenses ~~we incur~~	10 days after invoice	You must indemnify and reimburse us for ~~any~~all damages, losses or expenses we incur due to the operation of your Academy or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Varies (See Note 4)	10 days after invoice	Payable if we terminate due to your default or you terminate in any manner not permitted under the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us ~~other than~~except you spend the Local Marketing Commitment~~, which you pay~~ directly ~~to~~with third-party suppliers. All fees are nonrefundable and uniformly imposed ~~on franchisees~~. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the ~~initial franchise fee).~~Franchise Agreement). You must deposit all Gross ~~Sales~~Revenue into the bank account and ensure sufficient funds are available for withdrawal before each due date. You ~~must pay us~~ are responsible for all taxes ~~that are~~ imposed ~~upon us~~on you or ~~that we are required to collect and pay by reason of the furnishing of~~us based on products, intangible property (including trademarks) or services we provide to you.

2. Definitions: The following capitalized terms have the meanings given to them below:

   "***Brand Fund***" means the brand and system development fund we intend to administer to promote public recognition of our brand and improve our Curriculum, Teaching Methodology and Technology Systems. We intend to establish the Brand Fund effective as of the opening date of our first franchisee. It has not been established as of the date of this Disclosure Document.

   "***Gross*** ~~Sales~~***Revenue***" means all amounts that you charge, invoice or collect from all goods and services you sell, whether in the form of cash, check, credit card, debit card, barter, exchange or otherwise, and regardless of collection. Gross ~~Sales~~Revenue also includes ~~any~~all other ~~amounts~~sums you ~~may~~ collect ~~in relation~~relating to your Business~~, such as~~ including advertising revenue~~s~~, sponsorship fees ~~or~~and business interruption insurance proceeds. ~~If you provide~~ Gross Revenue includes the full retail value of any free or discounted goods or services~~, you must calculate Gross Sales using the standard non-discounted retail pricing for such good or services~~ you provide (except as otherwise provided in the Manual for free or discounted goods or

services provided to certain qualifying staff members or to your direct children). Gross ~~Sales does not include~~Revenue excludes: (a) sales or use taxes~~ or amounts you collect and subsequently refund in good faith. The Manual may include policies governing the manner in which proceeds~~; (b) amounts refunded to customers; and (c) revenue from the sale of ~~gift cards are treated for purposes of calculating Gross Sales~~furniture, fixtures and equipment in the ordinary course of business.

~~2. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet formed the fund. However, we intend to establish and begin administering the fund after our first franchise sale. You will have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. We will provide at least 30 days' notice of any change to the required brand fund contribution.~~

~~3. Before you open, we will provide our initial training program in exchange for a $1,500 initial training fee. You must pay us an additional training or assistance fee of up to $450 per person per day for:~~

- ~~each person that attends our initial training program after you open your Academy~~
- ~~any person who retakes training after failing a prior attempt~~
- ~~any remedial training we require based on your operational deficiencies~~
- ~~each person to whom we provide additional training that you request~~
- ~~each person who attends a system-wide or additional training program we conduct~~
- ~~any special assistance you request beyond what we must provide under the Franchise Agreement~~

~~If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses.~~

~~4. We may hold periodic national or regional conferences to discuss business and operational issues affecting Seashore Academies. Attendance at these conferences is mandatory for your Managing Owner and, if required by us, your designated manager. You must pay us the conference registration fee even if you fail to attend a required conference, although we reserve the right to waive the fee if you demonstrate good cause for your inability to attend. You are also responsible for all expenses and costs the conference attendees incur, including wages, travel and living expenses.~~

~~5. You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we charge a technology fee of $22 per year for each student that enrolls at your Academy. Of this $22 annual fee, we remit $19 to the third-party licensor of the Seashore Student Management Platform (discussed in Item 11 of this Disclosure Document). We retain the balance of the fee as an administrative and support fee and to help offset our costs to develop and host a microsite dedicated to your Academy. The annual fee is due and payable 10 days after invoicing or as we otherwise specify from time to time.~~

~~If~~"***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Academy.

"***Permitted Transfer***" means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 10% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the

transferring owners collectively own and control 100% of the ownership interests.

"***Technology Systems***" means all information and communication technology systems that we designate, including computer systems, point-of-sale systems, learning management systems, curriculum distribution systems, webcam systems, telecommunications systems, security systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement (or any interest in the Franchise Agreement); (b) the Academy's assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the "franchisee"; or (d) the franchised business you conduct under the Franchise Agreement.

"***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Academy; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.

~~6.~~4. Liquidated Damages: You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default~~,~~; or (b) you terminate the Franchise Agreement prior to ~~the~~its expiration ~~of the term~~date (except in accordance with the provisions governing your right to terminate following our uncured breach~~), you must pay us liquidated~~). Liquidated damages~~. The amount of liquidated damages is~~ are calculated as the greater of: (a) $30,000; or (b) ~~the sum of average royalty fees and brand fund fees imposed during the 12-month period preceding termination (or period of operations if less than 12 months),~~Average Monthly Fees multiplied by the lesser of: (~~i~~a) 36; or (~~ii~~b) the total number of months remaining under the term. "Average Monthly Fees" means:

(i) the total amount of Enrollment Fees and Brand Fund Fees imposed during the 12-month period preceding termination, divided by 12 (if your Business was open at least 12 full months prior to termination); or

(ii) the total amount of Enrollment Fees and Brand Fund Fees imposed between your opening date and the termination date, divided by the total number of months between your opening date and the termination date (if your Business was open less than 12 full months prior to termination).

If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits attributable to fees and revenue we would have received after termination if the Franchise Agreement had not been terminated. However, payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A~~:~~ – Estimated initial investment for ~~the purchase of a single~~a Traditional Academy.

YOUR ESTIMATED INITIAL INVESTMENT ~~(SINGLE FRANCHISE~~ (TRADITIONAL ACADEMY)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$~~55,000~~11,995	Lump sum	At time you sign Franchise Agreement	Us
~~Initial Training~~Annual Technology Fee (1st installment)	$~~1,500~~495	Lump sum	At time you sign Franchise Agreement	Us
Training Expenses ~~(3 to 4 people while training)~~ [2]	~~$3,000 to $6,000~~Not Applicable – All Training Conducted Virtually	~~As incurred~~	~~During training~~	~~Hotels, restaurants and airlines~~
Lease Deposit & 3 Months' Rent [3]	$10,000 to $60,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Renovations [4]	$0 to $~~10~~15,000	As incurred	Before opening	Contractor~~s~~ & suppliers
Signage [5]	$~~250~~0 to $2,000	Lump sum	Before opening	Suppliers
Computer System [6]	$~~2,000~~600 to $~~8,000~~1,500	Lump sum	Before opening	Suppliers
Classroom Supplies ~~Package~~ [67]	$1,500 to $5,000 ~~to $20,000~~	Lump sum	Before opening	Suppliers
~~Miscellaneous Supplies~~ [7]Furniture [1]	$~~1~~5,000 to $~~5~~15,000	As incurred	Before opening	Suppliers
~~Furniture & Furnishings~~ [8]	~~$2,500 to $10,000~~	~~As incurred~~	~~Before opening~~	~~Suppliers~~
Preopening Advertising [9]	$1,000 to $3,000	As incurred	60 days before opening	Suppliers
Utility Deposits	$0 to $200	As incurred	Before opening	Utility companies
Licenses & Permits	$50 to $350	Lump sum	Before opening	Government agencies
Professional Fees	$1,500 to $3,000	Lump sum	Before opening	Lawyers & accountants
Insurance ~~(3 months' premium)~~ [10]	$375 to $1,250	Lump sum	Before opening	Insurance companies
Additional Funds [11] (3 months)	$15,000 to $90,000	As incurred	As incurred	Suppliers, employees & us

YOUR ESTIMATED INITIAL INVESTMENT ~~(SINGLE FRANCHISE~~ (TRADITIONAL ACADEMY)				
TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Total Estimated Initial Investment [12]	$~~98,175~~47,515 to $~~275,300~~208,790			

Table B ~~—~~: Estimated initial investment for ~~the purchase of area development rights~~a Home-Based Academy.

YOUR ESTIMATED INITIAL INVESTMENT ~~(AREA DEVELOPMENT – ASSUMES COMMITMENT TO DEVELOP 3 ACADEMIES OR 5 ACADEMIES~~ (HOME-BASED ACADEMY)				
TYPE OF EXPENDITURE ~~[1]~~	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
~~Development Fee [12]~~Initial Franchise Fee	~~$125,000 to $175,000~~$11,995	Lump sum	At time you sign ~~ADA~~Franchise Agreement	Us
Annual Technology Fee (1st installment)	$495	Lump sum	At time you sign Franchise Agreement	Us
Training Expenses [2]	Not Applicable – All Training Conducted Virtually			
Real Estate	Not Applicable for Home-Based Academy			
~~Initial Investment to Open 1st Academy~~Computer System [6]	$~~43,175~~300 to $~~220,300~~500	~~This is the total estimated initial investment in Table A above but excluding initial franchise fee (which is included in development fee)~~ Lump sum	Before opening	Suppliers
Classroom Supplies [7]	$300 to $1,000	Lump sum	Before opening	Suppliers
Furniture [1]	$0 to $1,500	As incurred	Before opening	Suppliers
Preopening Advertising [9]	$1,000 to $3,000	As incurred	60 days before opening	Suppliers
Licenses & Permits	$50 to $350	Lump sum	Before opening	Government agencies
Professional Fees	$1,500 to $3,000	Lump sum	Before opening	Lawyers & accountants
Insurance [10]	$375 to $1,250	Lump sum	Before opening	Insurance companies
Additional Funds [11] (3 months)	$5,000 to $15,000	As incurred	As incurred	Suppliers, employees & us
Total Estimated Initial Investment [12]	$~~168,175~~21,015 to $~~395,300~~38,090			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing ~~for any of these items. None of the fees payable~~. No amounts paid to us are refundable. We are ~~unaware~~not aware of any ~~fees payable~~amounts paid to third-party suppliers that are refundable~~, although some landlords~~. However if you operate a Traditional Academy and lease commercial space, your landlord may refund your security deposit~~s~~ at the end of the lease

if ~~the tenant does~~you do not damage the property or default.

2. Training Expenses: Our current initial training program is conducted virtually. You are not required to send your owners or employees to our corporate headquarters or a company-owned Academy for training.

~~2.~~3. Real Estate: A Traditional Academy can be operated from a dedicated commercial facility that you own or lease or from a premises you are authorized to use on a temporary basis (for example, churches, synagogues, YMCAs, or other community facilities). This estimate assumes you ~~will~~ lease your premises. Rent varies depending on the size of the premises, its location, landlord contributions and the requirements of individual landlords. We anticipate most ~~Seashore Academy facilities~~Traditional Academies will range in size from 2,000 to 10,000 square feet with rent ranging from $2,500 to $15,000 per month. The $15,000 monthly rent estimate is based on our 10,000 square foot facility located in Newport Beach, California. ~~Your actual rent may vary significantly above or below this range depending on your area and local market conditions. For example, you may face significantly higher rent in areas such as New York City, San Francisco or Boston.~~ Landlords typically require security deposits equal to 1- or 2-months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The ~~total estimated initial investment~~ amount shown in the ~~chart~~table above includes 1 month's security plus 3 months' rent. Some franchisees may ~~prefer~~choose to ~~own~~purchase the ~~premises for their Academy~~real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost. If you secure the right to operate your Academy from the premises of a community-based organization without any rental fee, your initial investment may be lower.

~~3.~~4. Renovations: We anticipate most franchisees will not need to complete any significant remodeling or structural renovations to the~~ir~~ facility for a Traditional Academy. Instead, we expect the design and layout of most facilities will be adequate "as is" (although you may need to complete minor renovations such as replacing carpet or repainting the facility). The low estimate assumes no additional work is required.

~~4.~~5. ~~You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms.~~Signage: If you develop a Traditional Academy, you have the option, but not the obligation, to purchase install exterior signage. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The low estimate assumes you choose not to install exterior signage.

~~5. This includes your initial cost to purchase and set up your computer system.~~

6. Computer System: This includes your initial cost to purchase and set up your computer system. Each teacher must have a Chromebook. The current estimated cost of a Chromebook meeting our specifications ranges from $300 to $500. If you operate a Home-Based Academy, we estimate you will need 1 Chromebook. If you operate a Traditional Academy, we estimate you will need 2 to 3 Chromebooks when you launch your Academy (but the number of required Chromebooks may increase as you add teachers to accommodate a growing number enrolled students).

~~6.~~7. Classroom Supplies: This includes the cost of ~~branded folding tables, employee uniforms and~~ school supplies (i.e., paper, pencils, dry erase boards, books, etc.) ~~that~~ you must purchase ~~from a designated supplier through our online store.~~. The cost varies depending on the ~~size of your facility and~~ number of ~~classrooms.~~students you expect to enroll.

~~7.~~ Furniture: This includes ~~non-branded inventory items and operating supplies that are not included in the classroom supplies package, such as sticky notes, staplers, erasers, chalk, printing paper, etc.~~

8. ~~This estimate includes~~ the cost to purchase ~~desks~~tables, chairs~~, shelving, chalkboards and similar items. The cost varies depending on the size of your facility and number of classrooms.~~ and desks. The ~~cost~~amount varies depending on the size of your facility and the number of ~~your branded folding tables is included separately in the classroom supplies package~~students you expect to enroll. If you operate a Home-Based Academy, you may already have suitable furniture to accommodate the students.

9. ~~We recommend you~~ Preopening Advertising: You must spend a minimum of $500 per month on ~~pre-~~

~~opening~~preopening marketing and advertising (primarily social media ads) during the 60-day period prior to opening. You may choose to spend more. We waive this required expenditure if you operate a Home-Based Academy and plan to limit enrollment to your own children the first semester.

10. Insurance: This estimate includes 3 months of insurance premium. Insurance premiums may vary based on the number of students enrolled in your Academy and the number of teachers you hire. Item 8 includes a description of the insurance policies you must purchase and maintain.

~~10.~~11. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), marketing and advertising expenses, technology fees, inventory replenishment~~, marketing~~ costs and other miscellaneous expenses and required working capital. Your initial 3 months of rent ~~is~~ (if applicable) and insurance premium are separately stated in the tables above. ~~We have not included or accounted for any fees paid to the franchisor or an affiliate that are calculated as a percentage of revenues.~~ These figures are estimates based on the ~~past~~ experience of our ~~affiliate~~management team in developing, opening and operating 3 ~~Seashore~~company-owned Traditional Academies in Southern California.

~~11.~~12. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the ~~construction, opening and operation of your Academy.~~development, opening and operation of your Academy. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Academy. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

~~12. See Item 5 for a discussion of the calculation of the development fee. This initial investment estimate assumes you commit to develop either 3 Academies (low estimate) or 5 Academies (high estimate). If you purchase the right to develop more than 5 Academies, your development fee will increase by an additional $25,000 for each additional Academy you commit to develop (in excess of 5). The development fees reflected in this table do not include any potentially applicable Veteran Discount or Manager/Teacher Discount (see Item 5). This initial investment estimate does not include the costs to open any Academy other than the first Academy developed under the ADA.~~

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source ~~-~~Restricted Purchases and Leases - Generally

You must purchase or lease certain "source~~-~~restricted" goods and services for the development and operation of your ~~Business~~Academy. By "source~~-~~restricted~~,"~~", we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list ~~of suppliers~~. We notify you of changes to our specifications ~~or supplier list~~and suppliers by email, ~~written notice, telephone,~~ updates to the Manual~~, bulletins~~ or other means of communication.

Supplier Criteria

Our criteria for evaluating ~~a supplier includes, among others~~suppliers include:

- quality standards for the product or service provided by the supplier
- pricing of the product or service provided by the supplier
- proximity of the supplier to Seashore Academies (to ensure prompt delivery capabilities)
- production capacity, delivery capabilities, dependability, reputation and financial viability of the supplier

Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important

to our evaluation but cannot be described in writing.

If you ~~want~~wish to purchase or lease a source-~~-~~restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilit~~ies~~y. We will notify you of our decision within 30 days after we receive your request for approval and all additional information and samples we require. We may~~, at our option, re-inspect~~ periodically reinspect the facilities and products of an~~y~~ approved supplier and revoke our approval if the supplier fails to meet ~~any of~~ our then-current criteria. You must reimburse us for all costs we incur ~~in reviewing~~ to evaluate products and suppliers ~~and products~~ you propose.

Current Source ~~R~~-restricted Items

We estimate that ~~nearly 80~~20% to 40% of the total purchases and leases that will be required to establish and operate your Academy will consist of source-~~-~~restricted goods or services, as further described below.

~~*Lease*~~

~~We do not review the terms of your lease. However, if you lease the premises for your Academy, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C".~~

~~*Fixtures and Furnishings*~~

~~All fixtures and furnishings must meet our standards and specifications and must be purchased from approved or designated suppliers. You must purchase your branded folding tables exclusively from our designated supplier through our online store.~~

Computer System

Your computer system (currently limited to Chromebooks and our required software) must meet our standards and specifications. You may purchase your ~~computer system~~Chromebooks from any supplier of your choosing. You must purchase and utilize the software we designate. We currently require that you utilize ~~QuickBooks Online and~~ the Seashore Student Management Platform ~~(licensed from a third-party licensor).~~.

Signage

~~All~~If you operate a Traditional Academy and choose to install SEASHORE ACADEMY® signage, the signage must meet our standards and specifications and must be purchased from a designated or approved supplier~~s~~.

Operating Supplies

You must purchase certain operating supplies and inventory items that meet our standards and specifications. You ~~must~~have the option to purchase branded classroom supplies (paper, pencils, etc.) ~~exclusively~~ from our designated supplier through our online store.

~~*Uniforms*~~

~~Your employees must wear the uniforms we specify. You must purchase all uniforms from our designated supplier through our online store.~~

Marketing Materials and ~~Services~~Website

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials bearing our Marks only from suppliers we designate or approve. ~~We may require that you utilize a designated supplier to implement a grand opening marketing campaign and/or provide social media marketing on~~You must purchase your ~~behalf.~~website exclusively from us.

Insurance Policies

You must obtain the insurance coverage we require ~~from time to time~~ (whether in the Franchise Agreement or in the Manual~~). You agree to obtain these insurance policies from~~) from licensed insurance carriers rated ~~"A+"~~ or better by ~~Alfred M.~~AM Best ~~& Company, Inc. The required coverage currently includes~~, including the following:

Policy Type	Minimum Coverage
~~"All risk" Property~~Comprehensive General Liability Insurance	~~Replacement Value~~$1,000,000 per occurrence and $2,000,000 in the aggregate
~~Comprehensive General~~Professional Liability Insurance	$1,000,000 per occurrence and $~~2~~1,000,000 in the aggregate
~~Professional~~Automobile Liability Insurance (only required if you transport students)	$1,000,000 per occurrence and $1,000,000 in the aggregate
~~Automobile Liability~~Sexual Abuse/Molestation Insurance	$~~1,000~~100,000 per occurrence and $~~1,000~~300,000 in the aggregate
~~Sexual Abuse/Molestation~~Commercial Umbrella Insurance	$~~25~~2,000,000 per occurrence and $~~50~~2,000,000 in the aggregate (if you do not transport students)
~~Commercial Umbrella Insurance (only required if you transport students)~~	$5,000,000 per occurrence and $5,000,000 in the aggregate (if you transport students)
Business Interruption Insurance	At least 12 months
Employer's Liability Insurance	$1,000,000 per occurrence
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors~~,~~ and employees) as additional insureds~~; (b) contain a waiver by the~~ (excluding worker's compensation insurance ~~carrier of~~); (b) waive all subrogation rights against us; and (c) provide ~~that we receive~~us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We may~~, but need not,~~ attempt to negotiate ~~relationships~~purchase agreements with suppliers ~~to enable our affiliates and~~ , including favorable pricing terms, for the benefit of our franchisees ~~to purchase certain items at discounted prices.~~. If we succeed, you may purchase these ~~items~~goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). ~~As of the date of this Disclosure Document, we~~We do not have any negotiated ~~a~~ purchase ~~agreement with American Business Solutions for branded school supplies, uniforms and folding tables, but franchisees are charged the standard pricing (this company pays us a rebate discussed later~~agreements in effect at this ~~I~~te im~~)~~e.

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup. ~~(y~~Your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power~~).~~.

Currently there are no purchasing cooperatives~~, although~~ but we ~~reserve the right to~~may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source R restricted Purchases

We are the exclusive licensor of: (a) the Seashore Student Management Platform.; (b) your gmail account; and (c) the website for your Academy. However, we license this platformthese items from a third-party licensors and then sublicense you the rightthem to use ityou. We currently charge a provide access to the Seashore Student Management Platform in exchange for the Enrollment Fees. We provide your gmail account and website in exchange for the annual technology fee of $22 per student per year. We remit $19 of the $22 fee to the third-party licensor of the platform.. We retain the rest as an administrative and support fee and to help offset our costs to develop and host a microsite dedicated to your Academy. Neither we nor any affiliate of ours is currently a supplier of any other goods or services you must purchase or lease. However, we reserve the right, at any time, to appointmay designate ourselves and/or ouran affiliate as an approved or designated supplier for anyor other goods or services we deem appropriate. in the future. We may generate a profit from these purchases and licenses.

No person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebates fromdo not have any relationships with suppliers: involving rebates or other consideration paid to us based on franchisee purchases.

- American Business Solutions pays us a rebate calculated as 10% of the total franchisee purchases of branded school supplies, uniforms and folding tables

During the fiscal year ended December 31, 2022023, neither we nor our affiliates received any revenue as a result of franchisee purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2 7.1	Item 7 & Item 11
	ADA: Section 4.2	
b. Pre-opening purchases/leases	FA: Section 7.3, 11.7 & 15.11.1, 11.7 & 15.1	Item 7, Item 8 & Item 11
	ADA: Not Applicable	
c. Site development and other pre-opening requirements	FA: Section 7.3 & 7.47	Item 6, Item 7 & Item 11
	ADA: Section 4.2	
d. Initial and ongoing training	FA: Section 55	Item 6 & Item 11
	ADA: Not Applicable	
e. Opening	FA: Section 7.47.3	Item 11
	ADA: Section 4.1	
f. Fees	FA: Section 4.2, 5.7, 6.2, 6.7, 6.8, 7.5, 8.4, 10.1, 11.7, 11.9, 11.14, 13, 15.1, 16.2, 19.2 & 21.34.2, 5.4, 5.5, 6.3, 6.7, 6.8, 8.4, 10.1, 11.7, 11.9, 11.13, 13, 15.1, 16, 19.2 & 21.2	Item 5 & Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	~~ADA: Section 5 & 7.2~~	
g. Compliance with standards and policies/Operating Manual	~~FA: Section 6.1, 7.1, 7.3, 10.3, 11 & 17.1~~6.1, 10.3, 11 & 17.1	Item 11
	~~ADA: Section 4.2~~	
h. Trademarks and proprietary information	~~FA: Section 17~~17	Item 13 & Item 14
	~~ADA: Section 2~~	
i. Restrictions on products/services offered	~~FA: Section 11.3~~11.3	Item 16
	~~ADA: Not Applicable~~	
j. Warranty and client service requirements	~~FA: Section 11.13~~11.12	Not Applicable
	~~ADA: Not Applicable~~	
k. Territorial development and sales quotas	~~FA:~~ Not Applicable	Item 12
	~~ADA: Section 4.1~~	
l. Ongoing product/service purchases	~~FA: Section 11.7~~11.7	Item 8
	~~ADA: Not Applicable~~	
m. Maintenance, appearance and remodeling requirements	~~FA: Section 11.8 & 11.10~~11.8 & 11.10	Item 11
	~~ADA: Not Applicable~~	
n. Insurance	~~FA: Section 15.1~~15.1	Item 6 & Item 7 & Item 8
	~~ADA: Not Applicable~~	
o. Advertising	~~FA: Section 10~~10	Item 6, Item 7 & Item 11
	~~ADA: Not Applicable~~	
p. Indemnification	~~FA: Section 18~~18	Item 6
	~~ADA: Not Applicable~~	
q. Owner's participation/ management/staffing	~~FA: Section 8~~8	Item 11 & Item 15
	~~ADA: Not Applicable~~	
r. Records/reports	~~FA: Section 15.2 & 15.3~~15.2 & 15.3	Item 6
	~~ADA: Not Applicable~~	
s. Inspections/audits	~~FA: Section 16~~16	Item 6 & Item 11
	~~ADA: Not Applicable~~	
t. Transfer	~~FA: Section 19~~19	Item 17
	~~ADA: Section 7~~	
u. Renewal	~~FA: Section 4~~4	Item 17
	~~ADA: Section 4.4~~	
v. Post termination obligations	~~FA: Section 21~~21	Item 17
	~~ADA: Not Applicable~~	
w. Non-competition covenants	~~FA: Section 14~~14	Item 17

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
	~~ADA: Not Applicable~~	
x.~~.~~Dispute resolution	~~FA: Section 22~~22	Item 17
	~~ADA: Section 8.3~~	
y.~~.~~Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	~~FA: Section 9 & ATTACHMENT "D"~~9 & ATTACHMENT "D"	Item 15
	~~ADA: Not Applicable~~	

ITEM 10 FINANCING

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

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

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

Before you open your Academy, we will:

1. Provide access to our Manual~~,~~ which will help you establish and operate your Academy~~. See Section~~, as discussed below ~~entitled~~under "Manual~~" for additional information. (Section 6.1~~". (§6.1)
2. Approve the ~~location, layout and design of~~ site for your Academy~~. See Section~~, as discussed below ~~entitled~~under "Site Development~~" for additional information. (Section 7.1, 7.3 & 7.4~~". (§7.1)
3. Provide our written specifications for ~~the~~ goods and services you must purchase to develop, equip and operate your Academy and a list of ~~approved and/or designated~~ suppliers ~~for these goods and services.~~. We do not deliver or install any items ~~that~~ you purchase. ~~(Section~~ (§11.2)
4. Provide an initial training program~~. See Section~~, as discussed below ~~entitled~~under "Training Program~~" for additional information. (Section 5~~". (§5.1)

During the operation of your Academy, we will:

1. ~~Subl~~License you the right to use the Seashore Student Management Platform~~. See Section~~, as discussed below ~~entitled~~under "Computer System~~" for additional information. (Section~~". (§6.3)
2. Provide access to our proprietary ~~curriculum and related updates, which may be included in the Manual. (Section~~Curriculum and Teaching Methodology. (§6.2, 11.2 & 11.3)
3. Provide our guidance and recommendations to improve the operation of your Academy. ~~(Section 6.3~~(§6.4)
4. Provide periodic training programs~~. See Section~~, as discussed below ~~entitled~~under "Training Program~~" for additional information. (Section 5~~". (§5.2)
5. Maintain a corporate website to promote our brand~~. We will also develop~~ and ~~host~~ a ~~local~~ microsite to promote ~~and provide information about~~ your Academy~~. We will determine the information that will be included about your Academy. Your microsite will~~, which may be linked to our corporate website~~. We can modify or discontinue our corporate website (and your microsite) at any time. (Section~~, as discussed below under "Advertising and Marketing". (§6.7 & 10.3(e))

~~6. Establish and implement the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 10.1)~~

6. Establish and administer the Brand Fund, as discussed below under "Advertising and Marketing". (§10.1)

7. Provide our standard form of enrollment agreement. We recommend you hire an attorney to review the form for compliance with local laws in your state. You may not modify our form of enrollment agreement without our approval. ~~(Section 11.4~~(§11.4)

8. Provide our suggested ~~retail~~ pricing model. You may deviate from our suggested ~~retail~~ pricing model at your discretion. ~~To~~However, to the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. ~~(Section~~ (§11.6)

During the operation of your Academy, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Academy. ~~(Section 6.4~~(§6.5)

2. Negotiate purchase agreements with suppliers to ~~allow you to purchase certain goods or services at discounted prices.~~obtain favorable pricing. We may also purchase items in bulk ~~at discounted prices~~ and resell them to you at our cost plus shipping and a reasonable markup. ~~(Section 6.8~~(§6.8)

3. Ho~~ld~~st periodic conferences to discuss ~~business and operational issues affecting franchisees, including~~ relevant topics such as industry changes, changes to our Curriculum or Teaching Methodology, or new ~~services and/or merchandise,~~ classes, technology or marketing strategies ~~and the like. (Section 5~~. (§5.5)

4. Create a franchise advisory council~~. See Section~~, as discussed below ~~entitled~~under "Advisory Council~~" for additional information. (Section~~ ". (§12)

5. ~~Upon request, provide~~ Provide additional training or assistance ~~(either at our headquarters or at your Academy). See Section~~you request, as discussed below ~~entitled~~under "Training Program~~" for additional information. (Section 5~~". (§5.2)

Manual (§6.1, 11.2 & 24.8)

You will have access to our Manual during the term of the Franchise Agreement. The Manual may include, among other things:

- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Academy and (b) designated and approved suppliers
- a description of classes and programs you may offer, including the associated Curriculum and Teaching Methodology, and any other goods and services you may sell
- business forms you must use, including our designated form of enrollment agreement you must use to enroll students at your Academy
- specifications, techniques, methods, operating procedures and quality standards; and
- policies and procedures pertaining to: (a) reporting and data entry; (b) accounting and bookkeeping; (c) insurance; (d) marketing and advertising; (e) data ownership, protection, sharing and use; and (f) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. ~~We do not provide area developers with any support under their ADA.~~

Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. Upon your request, we will allow you to review the Manual prior to purchasing the franchise.

Training Program ~~(Section~~ (§5)

~~*Overview*~~

Initial Training Program

We will provide an initial training program for up to 4 people. Your Managing Owner ~~(defined in Item 15) and~~ and designated manager (if any) must successfully complete initial training to our satisfaction before your Academy opens. Your other owners may attend initial training, but it is not required. There is no specific period of time after signing or before opening that training must be completed. You are responsible for teaching your employees and staff members (other than your management personnel).

~~The~~Our current initial training program ~~includes online training (~~is conducted remotely~~) and approximately 4 days of~~ via online training. The format for training ~~at one of our affiliate-owned Seashore Academies in California (or at any~~ may include conference calls, webinars, pre-recorded videos and other online training resources. The training materials primarily consist of the Manual. ~~location we designate).~~We do not charge you for training materials. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and management personnel. Currently, we intend to offer ~~the~~ initial training ~~program at least once per quarter~~on a quarterly basis, assuming sufficient demand.

~~*Training Topics*~~

The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Welcome to Seashore Academy!	1	0	~~Newport Beach, California and/or Online~~Conducted Remotely
Business Management	8	1	~~Newport Beach, California and/or Online~~Conducted Remotely
Computer & Software Systems	4	1	~~Newport Beach, California and/or Online~~Conducted Remotely
Curriculum	20	8	~~Newport Beach, California and/or Online~~Conducted Remotely
Classroom and Teaching Policies and Execution	20	8	~~Newport Beach, California and/or Online~~Conducted Remotely
HR	4	1	~~Newport Beach, California and/or Online~~Conducted Remotely
Opening & Closing Procedures	1	1	~~Newport Beach, California and/or Online~~Conducted Remotely
Reporting & Communication	2	1	~~Newport Beach, California and/or Online~~Conducted Remotely
Total	**60**	**21**	

Ongoing Training ~~Materials~~Programs

From time to time, we may require that your Managing Owner and management personnel attend system-wide refresher or supplemental training courses. Any new Managing Owner or manager you appoint or hire must successfully complete our initial training program before assuming responsibility for the management of your Academy. If we inspect your Academy and determine you are not operating in compliance with the Franchise Agreement and the Manual, we may require that your Managing Owner and management personnel attend remedial training relevant to the operational deficiencies we observed. You may also request that we provide additional training (either at corporate headquarters or at your Academy). We are~~The training materials primarily consist of the Manual. You will~~ not ~~be charged an~~required to provide additional ~~fee for any~~ training ~~materials~~you request.

Instructors

Our Founder and Chief Executive Officer, Marlene Dandler, is in charge of our training program. She also founded the original Seashore Academy in 2011 (which, until January 2019, was limited to a Mandarin immersion program). She provides instruction in all areas. She has a total of ~~12~~13 years of experience in the education field.

Other instructors may include Seashore Academy trainers, administrative staff, managers and/or assistant managers. Each instructor will have a minimum of 2 years of experience with Seashore Academy.

~~*Ongoing Training*~~

~~From time to time, we may require that your Managing Owner and management personnel attend system-wide refresher or additional training courses.~~

~~If you appoint a new Managing Owner or designated manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Academy.~~

~~If we inspect your Academy and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner and/or your management personnel attend remedial training that addresses your operational deficiencies.~~

~~You may also request that we provide additional training (either at corporate headquarters or at your Academy). We are not required to provide this additional training.~~

Training Fees and Costs

We ~~will~~ provide our ~~pre-opening~~preopening initial training program ~~in exchange for the $1,500 initial training fee. You must pay us an~~at no additional charge. We may charge you a training ~~or assistance~~ fee of up to $450 per person per day for~~:~~

- ~~ ~~each person ~~that~~who attends ~~our~~: (a) initial training ~~program~~ after ~~your Academy opens~~you open (such as a new Managing Owner or ~~designated~~ manager~~)~~
- ~~any person who retakes training~~); (b) retraining (after failing a prior attempt
- ~~any~~); (c) remedial training ~~we require based on your operational deficiencies~~
- ~~each person to whom we provide~~; (d) additional training ~~that~~ you request
- ~~each person who attends a system-wide~~; or (e) refresher or ~~additional~~supplemental training ~~program we conduct~~
- ~~any special assistance you request beyond what we must provide under the Franchise Agreement~~

. If we agree to provide onsite training or assistance, you must also reimburse us for all ~~costs incurred by our representative for meals, travel and lodging.~~Travel Expenses we incur. You are responsible for all ~~expenses and costs~~ wages and Travel Expenses (if applicable) that you and your trainees incur for training~~, including wages, travel and living expenses.~~

~~Manual~~ ~~(Section 6.1, 11.2 & 24.8)~~

~~We will provide you with access to our web-based Manual during the term of your Franchise Agreement. The Manual may include, among other things:~~

- ~~a description of the authorized goods and services you may offer and sell~~
- ~~a description of the classes and programs you may offer, including the associated curriculum~~
- ~~the form of enrollment agreement you must use to enroll students at your Academy~~
- ~~specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Seashore Academies~~
- ~~reporting and insurance requirements~~
- ~~specifications for your facility~~
- ~~policies and procedures pertaining to any gift card program we establish~~
- ~~policies and procedures pertaining to marketing and advertising~~
- ~~policies and procedures relating to data ownership, protection, sharing and use~~
- ~~a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Academy and (b) any designated or approved suppliers for these goods and services~~

~~The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions contained in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes resulting from modifications to the Manual (for example, implementing new software or technology). Upon your request, we will allow you to review the Manual prior to purchasing the franchise.~~.

Site Development ~~(Section 7~~(§7.1 & 11.10)

~~A typical Academy ranges~~A Home-Based Academy is operated from the franchisee's home. A Traditional Academy can be operated either from: (a) a dedicated commercial facility owned or leased by the franchisee; or (b) a church, synagogue, YMCA or other community facility that grants the franchisee permission to use the premises on a temporary basis. Traditional Academies typically range in size from 2,000 to 10,000 square feet. We do not select the site for your Academy and we do not purchase the premises and lease it to you. ~~We do not typically own the premises and then lease it to the franchisee. Your Academy must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site report for your proposed site (containing all demographic, commercial and other information, photographs and video tapes we reasonably require).~~ You must identify and obtain our approval of the site for your Academy within 120 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline.

~~We will~~ Your Academy must be located within the Site Selection Area identified in Part E of ATTACHMENT "A" to the Franchise Agreement. You must send us photos of the proposed site and we may require a virtual inspection. We do not have any standards or specifications for the site other than it must be suitable for teaching children in a safe and healthy environment. At this time, we do not consider any other factors in evaluating sites.

We try to approve or disapprove ~~a proposed site~~ sites you propose within 30 days after we receive all of the requisite materials. ~~We generally allow franchisees to select whatever site they desire. We do not anticipate rejecting any proposed~~Your site ~~unless it~~ is ~~located (a) outside the Site Selection Area or (b) in close proximity to a cellphone tower or other potential health or safety hazard. You are solely responsible for ensuring that any site you propose is properly zoned for a Seashore Academy.~~

deemed disapproved if we fail to issue our written approval within the 30-day period. If we approve your site before signing the Franchise Agreement, we will list the address in Part F of ATTACHMENT "A" to the Franchise Agreement. Otherwise, we will list the address of your approved site in ~~Part C of ATTACHMENT "A" to the Franchise Agreement. If we do not~~ a Site Approval Notice that we send to you after approving your site. If you elect to acquire a Home-Based Academy, we must approve the site (i.e., your ~~site~~home) before signing the Franchise Agreement~~, then within 15 days after we approve your site, we will send you a Site Approval Notice in the form attached to the Franchise Agreement as ATTACHMENT "B" (the "Site Approval Notice"). The Site Approval Notice will list the address of your approved site and identify your Territory~~.

~~You must locate and obtain~~After obtaining our approval of the site for your Academy ~~within 120 days after your sign the Franchise Agreement. If you fail to do so, we may terminate your Franchise Agreement.~~

~~We do not review the terms of your lease. However, if you will lease the premises for your Academy~~, you must ~~use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "C". The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove~~purchase (or lease) and install all Technology Systems, equipment and other items ~~bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require that you find a new site for your Academy. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.~~

~~The Manual includes our standards and specifications pertaining to the design, layout, equipping and trade dress for an Academy~~we require. In most cases, we do not expect franchisees will need to complete any remodeling or structural renovation~~. However, the~~ of the premises for an Academy. However, if you operate a Traditional Academy, your facility may require minor renovations and upgrades, such as replacing the carpet and repainting the interior and/or exterior of the facility. ~~You must purchase (or lease) and install all computer systems, furniture, fixtures, equipment, signs and other items we require~~We will not require you to remodel

your facility during the term of the Franchise Agreement.

~~You must remodel and make all improvements and alterations to your Academy that we reasonably require from time to time to reflect our then-current standards and specifications. We will not require that you spend more than $30,000 on remodeling your Academy during any 10-year period. However, there is no limitation on the cost of any remodeling that we may require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior approval.~~

~~If you sign an ADA, we must approve the site for each Academy you develop applying our then-current site selection criteria.~~

~~Computer System~~ ~~(Section 6.7, 11.7, 11.8, 11.9, 15.3 & 16.1)~~

If you intend to operate a Traditional Academy from leased commercial space, you do not need our approval of your lease. We do not review leases or assist with lease negotiations.

Opening Requirements (§7.3)

We expect most franchisees will open (a) between 1 and 3 months after signing the Franchise Agreement (for Home-Based Academies) or (b) between 3 and 6 months after signing the Franchise Agreement (for Traditional Academies). Factors that may affect this time include:

- whether you operate a Home-Based Academy or a Traditional Academy
- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your teachers

You may not open your Academy prior to receipt of our written authorization to open. Unless we agree to the contrary, you must open your Academy within 180 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

Advertising and Marketing (§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. You are not required to participate in an advertising cooperative.

We provide the advertising and marketing support discussed below. Our company-owned Academies will pay brand fund fees on the same basis as franchisees. We have no further obligation to expend our own funds on marketing and advertising in your area. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Local Marketing By You

You must spend a minimum of $500 per month on preopening marketing and advertising (primarily social media ads) during the 60-day period prior to opening. We waive this required expenditure if you operate a Home-Based Academy and plan to limit enrollment to your own children the first semester. After opening, you must spend a minimum monthly amount equal to your Local Marketing Commitment on local advertising. The Local Marketing Commitment is $300 per month. We measure your compliance on a rolling 6-month basis, meaning as long as

your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than your Local Marketing Commitment. We may reduce or waive the Local Marketing Commitment at any time that student enrollment at your Academy is at least 90% of your maximum enrollment capacity. We will also waive the Local Marketing Commitment for any time period during which you plan to enroll only your own children in a Home-Based Academy.

We may create and make available to you advertising and marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

You may also develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 15-day period constitutes our disapproval.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local microsite to promote your Academy, which will be linked to our corporate website. Your microsite will list certain information about your Academy we deem appropriate. Your microsite will also facilitate student enrollment, online payments, and other functions we deemed appropriate. We can modify or discontinue our website and/or your microsite at any time.

Except for the microsite we provide, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Academy (including any website bearing any of our Marks); (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Academy through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrative rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Academy

Brand and System Development Fund

We may, but need not, establish and administer the Brand Fund to promote public awareness of our brand and improve our Curriculum and Teaching Methodology. We may use the Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships

- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the Curriculum or Teaching Methodology
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote Academies or improve our Curriculum, Teaching Methodology or Technology Systems
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any Brand Fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. During the first few years after we establish the Brand Fund, we anticipate most advertising will be local or regional in coverage and consist of social media marketing. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 2% of Gross Revenue – currently 1% of Gross Revenue). We deposit all brand fund fees and noncompliance fees (but only noncompliance fees collected after Brand Fund formation) into the Brand Fund. Company-owned Academies contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Academy established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve Academies, including matters such as curriculum development, teaching materials, marketing, technology or operations. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do

not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Academy operated by us or our affiliates would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (§6.3, 6.7, 11.8, 11.9, 15.3 & 16.1)

Required Components

You must purchase and use all Technology Systems we designate ~~from time to time. Our required Technology Systems may include computer systems, point-of-sale system, webcam systems, telecommunications systems, security systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.~~

. One important component of our Technology Systems is your "computer system~~,"~~", which consists of ~~the following items:~~

- ~~Chromebooks (one~~ the Seashore Student Management Platform and 1 Chromebook per staff member~~ we~~. We estimate most franchisees will ~~require between 5 and 30 Chromebooks at the time they open)~~
- ~~Router~~
- ~~QuickBooks Online~~
- ~~Seashore Student Management Platform~~

need, at the time of opening, 1 Chromebook (for a Home-Based Academy) or 2 to 3 Chromebooks (for a Traditional Academy). We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We may, but need not, provide you with one or more email addresses for use with your ~~Business~~Academy. If we do so, you must exclusively use the email address(es) we provide for all communications with us, ~~customers~~students, parents, suppliers and other persons relating to your Business. You may not use ~~any email address we provide~~them for any purpose unrelated to your ~~Business~~Academy. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

How Computer System Is Used

The computer system will generally be used for the following purposes:

- managing daily workflow
- coordinating the customer experience
- completion and submission of online enrollment applications by parents
- managing and storing enrollment agreements
- tracking student enrollment
- storing and managing contact information for students and families
- student management, including attendance records, report cards, teacher notes, parent notifications and payment history (both parents and teachers may access the Seashore Student Management Platform, although access to certain information may be restricted to teachers)
- ~~managing accounts payable and receivable~~

- ~~financial accounting~~
- managing employees
- preparing business and financial reports
- communicating through email

Fees and Costs

We estimate the initial cost of your computer system will range from $~~2,000~~600 to $~~8,000.~~1,500 (for a Traditional Academy) or $300 to $500 (for a Home-Based Academy). The cost varies depending on the number of your ~~staff members.~~teachers. Each ~~staff member~~teacher requires 1 Chromebook~~ (we anticipate most franchisees~~. We estimate each Chromebook will ~~need~~cost between ~~5~~$300 and ~~30 Chromebooks at the time of opening).~~$500.

As further detailed in Item 6, you must pay us a technology fee for software, technology and related services we provide. As of the issuance date of this Disclosure Document, we charge ~~a~~an annual technology fee ~~calculated as $22~~of $495 per year~~ per student. In exchange for the technology fee, we: (a) sublicense you the right to use~~, which includes your gmail account and microsite. We provide access to the Seashore Student Management Platform~~;~~ and (b) develop and host a microsite dedicated to your Academy. The table below identifies the ongoing fees and costs you must~~ in exchange for the Enrollment Fees you pay ~~for the software, technology, Apps, subscriptions and related services you must purchase or license:~~to us.

COMPUTER SYSTEM – ONGOING FEES AND COSTS		
Item	**Fee (Annual)**	**To Whom Paid?**
~~QuickBooks Online~~Microsite and Gmail	$~~480 to $720~~495	~~Third Party Licensor~~Us
Seashore Student Management Platform ~~& Microsite Development and Hosting (covered by technology fee)~~	$~~22~~1,995 per student	Us

Maintenance, Support, Updates and Upgrades

In exchange for the fees listed in the table above, we and/or the third-party licensors of the associated software and technology platforms will provide all required maintenance, support and updates.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect various information about your students and their families, including contact information, enrollment information, attendance records, report cards, teacher notes, parent communications and payment history. Your computer system will also collect financial data regarding the operation of your Academy. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access. ~~You must provide us with independent access to your QuickBooks online account with permission to read all reports.~~

We~~ will~~ own all data that you and/or we collect relating to your students and their families. We~~ will~~ grant you a license to use this data solely for purposes of operating your Academy. You must protect ~~all student and family~~this data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws ~~as well as~~and our data processing and data privacy policies ~~set forth~~ in the Manual~~ from time to time~~. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

We may require that you share your operational data with third-party suppliers for purposes of measuring,

consolidating, benchmarking and ranking certain performance metrics. We may use this data to help us identify areas for improvement and formulate an appropriate and effective strategy to address these issues and improve your operations. We may share your operational data with other franchisees.

Computer System Maintenance and Changes

You must maintain ~~your~~the computer system in good condition at your cost. We may require that you upgrade ~~or~~, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There ~~are~~is no contractual limitation~~s~~ on the frequency or cost of these updates ~~or~~, upgrades or changes.

~~**Brand and System Development Fund** (Section 10.1)~~

~~We will establish and maintain a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion:~~

- ~~developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs~~
- ~~conducting and administering promotions, contests or giveaways~~
- ~~expanding public awareness of the Marks~~
- ~~public and consumer relations and publicity~~
- ~~brand development~~
- ~~sponsorships~~
- ~~charitable and nonprofit donations and events~~
- ~~research and development of technology, products and services~~
- ~~website development and search engine optimization~~
- ~~development of an ecommerce platform~~
- ~~development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys~~
- ~~conducting market research~~
- ~~changes and improvements to the System~~
- ~~the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts~~
- ~~collecting and accounting for contributions to the fund~~
- ~~preparing and distributing financial accountings of the fund~~
- ~~any other programs or activities that we deem appropriate to promote or improve the System~~
- ~~direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)~~

~~We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. During the first few years after we establish the brand fund, we anticipate most advertising will be local or regional in coverage and will consist of social media marketing. The fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.~~

You must contribute to the fund the amount we specify from time to time (not to exceed 2% of Gross Sales). We will deposit into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees. Any affiliate-owned Academy will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any affiliate-owned Academy that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2022, we did not collect or spend any monies from the brand and system development fund.

Allocation of Marketing Expenditures (2022)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other**
Percentage Allocation	-	-	-	-

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

Local Advertising (Section 10.2 & 10.3)

You must spend a minimum monthly amount equal to your Local Marketing Commitment (which is the greater of $200 per month or 2% of your Gross Sales) on local advertising. We may reduce or waive this requirement at any time that student enrollment at your Academy is at least 90% of your maximum enrollment capacity. We will measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you will be deemed in compliance even if your expenditure in any given month is less than the minimum Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

You may create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that we have not approved. You must submit to us any advertising materials that you prepare or modify and we will have 15 days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 15-day period will constitute our disapproval of the materials.

Under current policy, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to their business (including any website bearing any of our Marks); or (b) utilize the Internet to conduct digital or online advertising or otherwise engage in ecommerce. However, we do encourage you to market your Academy through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our then-current social media policy

- ~~you must immediately remove any post we disapprove (even if it complies with our social media policy)~~
- ~~we may require that you utilize a supplier we designate for social media marketing serviceswe will own the social media account but allow you to use it during the term of your franchise~~

~~You are not required to participate in an advertising cooperative.~~

~~Advisory Council~~ ~~(Section 12)~~

~~We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Academy operated by us or our affiliates would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.~~

~~Opening Requirements~~ ~~(Section 7.4)~~

~~We anticipate a typical franchisee will open within 3 to 6 months after signing the Franchise Agreement. Factors that may affect this time include identification of a suitable location, securing financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, hiring and training teachers, obtaining insurance, and complying with local laws and regulations.~~

~~You may not open prior to receipt of our written authorization to open. We will not issue our authorization to open until all of the following conditions are met:~~

- ~~the initial trainees successfully complete the initial training program~~
- ~~you purchase all required insurance policies and provide us with evidence of coverage~~
- ~~you obtain all required licenses, permits and other governmental approvals~~
- ~~you hire and train the teachers and staff members necessary to operate your Academy~~
- ~~we review and approve the build-out and layout of your Academy~~

~~Unless we agree to the contrary, you must open your Academy to the public within 180 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.~~

ITEM 12 TERRITORY

Location of Your ~~Business~~Academy

The Franchise Agreement grants you the right to operate one Academy from ~~the~~a site we approve. ~~The~~You must identify a site for your Academy ~~must be located~~ within the Site Selection Area described in ~~Part B of ATTACHMENT "A" to~~ your Franchise Agreement.

You may relocate your Academy with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must~~:~~ obtain our approval of a new site for your new Academy within your territory. You must ensure there is no disruption to the operation of your Academy during the relocation process. However, if you must relocate because your Academy is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will have 180 days to complete the relocation process and reopen at the new site.

- ~~obtain our approval of the site for your new Academy within the Site Selection Area (but outside any~~

territory granted or reserved to us, our affiliate or any other franchisee)

- pay us a $7,500 relocation fee at the time we approve your relocation request
- comply with our then-current site selection and development requirements
- open your new Academy and resume operations within 30 days after closing your prior Academy

Your Territory (Franchise Agreement)Description

We will identify the boundaries of your territory. If we approve the site for your Academy before you sign the Franchise Agreement, then your territory will be identified in Part D of ATTACHMENT "A" to your Franchise Agreement. If we do not approve the site for your Academy before you sign the Franchise Agreement, then your territory will be identified in the Site Approval Notice that we send to you after we approve the site for your Academy.

Your territory will includeWe will grant you a territory that includes a minimum of 35,000 Qualifying Children. A "Qualifying Child" is any child that: (a) is 18 years of age or younger; and (b) lives in a household with annual income of $150,000 or more. Most territories include between 35,000 and 45,000 Qualifying Children. We determine this data using our territory mapping software "Geostrategies". .

If we approve the site for your Academy before you sign the Franchise Agreement, we will identify your territory in Part G of ATTACHMENT "A" to your Franchise Agreement. Otherwise, we will identify your territory in the Site Approval Notice we send to you after approving your site.

We do nothave no obligation to modify your territory based on subsequent population changes. However during the term of the Franchise Agreement. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria at the time you renew your franchise.

Exclusive Territorial Rights

Your territory will be exclusive. We will During the term of your Franchise Agreement we will not develop or operate, or authorizelicense a third party to develop or operate, an Academy using our Marks that is physically located within your territory during the term of your Franchise Agreement.

Your Development Territory (ADA)

If you sign an ADA, we will grant you a protected development territory. Each Academy you develop must be located within your development territory. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Academies you intend to develop.

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

Although we do not grant exclusive development territories, we do grant you certain territorial protections. Specifically, we will not develop or operate, or authorize a third party to develop or operate, any Academy using our Marks that is physically located within your development territory during the term of the ADA except for any Academies that are located within your development territory as of the date you sign the ADA and uses our Marks (either open, under construction or for which a Franchise Agreement has been signed). SEASHORE ACADEMY® or our tagline "A SEASHORE ACADEMY® Certified Education Center").

You must sign a separate Franchise Agreement for each Academy you develop. We must approve the site of each Academy you develop according to our then-current site selection criteria. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule.

Alternative Channels of Distribution

We reserve the right to sell, ~~or~~and license others to sell, competitive or identical goods ~~or~~and services (~~whe~~ither under the Marks or ~~under~~ different trademarks) through ~~alternative channels~~Alternative Channels of Distribution, including within your territory. An "Alternative Channel of Distribution" means any channel of distribution ~~(including~~ other than the provision of education and enrichment services to students while physically present at an Academy. Examples of Alternative Channels of Distribution include the provision of education products or services over the Internet ~~or~~, through ~~sales~~ catalogs or telemarketing~~), including within your territory and development territory, if applicable.~~ or onsite at a student's home or school. You are not entitled to any compensation for sales that take place through ~~alternative channels of distribution~~Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You can market and advertise outside of your territory ~~and development territory, if applicable,~~ as long as: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in ~~any~~ targeted marketing directed into ~~a territory or development territory assigned to us, our affiliate or another franchisee (except as otherwise noted below).~~

~~You may not engage in targeted marketing directed into a~~any territory assigned to us, our affiliate or another franchisee. Marketing that is distributed, circulated or received both within your territory and within another territory is not ~~deemed to be~~considered "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate~~,~~ or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and ~~setting up~~conducting promotional events ~~that take place~~ within a given territory.

~~You must comply with any minimum advertised pricing policy that we establish from time to time.~~

With the exception of (a) the microsite we provide to you and (b) social media conducted in accordance with our social media policy, you may not market or sell using ~~alternative channels of distribution~~Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory.

You must comply with any minimum advertised pricing policy that we establish from time to time.

~~or development territory, if applicable. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising."~~ There are no other restrictions on your right to solicit students or families, whether from inside or outside of your territory ~~and development territory, if applicable~~.

Minimum Performance Requirements

Your territorial exclusivity ~~under your Franchise Agreement~~ does not depend on achieving a certain sales volume, market penetration, or other contingency.

~~If you sign an ADA and fail to satisfy your development schedule by opening and operating the minimum number of Academies within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.~~

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises~~, other than your right and obligation to develop multiple Academies within your development territory if you sign an ADA.~~.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered ~~at~~by an Academy. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate ~~a franchise~~an Academy under (a) the service mark SEASHORE ACADEMY® or (b) a different name ~~"Seashore Academy"~~that you select and ~~logo shown on~~we approve (in which case you must list your business name in conjunction with the ~~cover page of this Disclosure Document.~~tagline "A SEASHORE ACADEMY® Certified Education Center"). By trademark, we mean trade names, trademarks, service marks~~,~~ and logo~~type~~s used to identify your Academy or the products or services ~~that~~ you sell. We may change the trademarks you may use from time to time ~~(~~, including by discontinuing use of the Marks listed in ~~this Item 13).~~Item 13. If this happens, you must change to the new trademark at your expense.

Our affiliate, Seashore Academy, LLC, ~~applied to register~~owns the following trademarks registered on the Principal Register ~~at~~of the United States Patent and Trademark Office:

~~UNR~~REGISTERED MARKS		
Mark	**~~Serial~~Registration Number**	**~~Application~~Registration Date**
SEASHORE ACADEMY	~~97220955~~7166923	~~January 14, 2022~~September 19, 2023
	~~97220961~~7166924	~~January 14, 2022~~September 19, 2023

~~Each application listed above was submitted on a dual-filing basis, with franchising services filed under an intent-to-use basis and various educational services filed based on actual use.~~

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

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

On March 23, 2022, we entered into a License Agreement (the "License Agreement") with Seashore Academy, LLC. Under the terms of the License Agreement, Seashore Academy, LLC granted us a perpetual, paid-up, royalty-free license to use the Marks throughout the United States in the Seashore Academy System and to sublicense the Marks to our franchisees. Seashore Academy, LLC is permitted to terminate the License Agreement only if: (a) we declare bankruptcy or become insolvent; (b) we and Seashore Academy, LLC mutually agree to terminate the License Agreement; (c) we breach Seashore Academy, LLC's quality control standards and fail to cure the breach within a 60 day cure period; or (d) we undergo a change in control or restructuring. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our rules when using the Marks. You cannot use ~~our name or mark~~the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You ~~may not~~cannot use the ~~Seashore Academy name~~Marks relating to the sale of any product or service ~~that~~ we have not authorized~~. If we modify or discontinue use of any of the Marks, you must comply with any such instructions from us within 30 days at your expense. We will not be liable to you for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Mark~~.

You must notify us immediately ~~when~~if you ~~learn about~~discover an infringing ~~or challenging~~ use (or challenge to

your use) of the Marks. We will take the action we ~~think~~deem appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Seashore Academy, LLC's rights to the Marks.

We will indemnify you against~~,~~ and reimburse you for: (a) all damages for which you are held liable in ~~any~~a judicial or administrative proceeding ~~arising out of~~based on your use of the ~~Marks in strict~~Mark SEASHORE ACADEMY® (or the associated logo) in compliance with the Franchise Agreement and Manual; and (b) all costs you reasonable~~y~~ incur in defending against any such claim ~~brought against you in any proceeding in which you are named as a party~~.. Our indemnification obligation ~~will~~ only apply~~y~~ies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual~~.~~

Except ~~for the limited indemnification obligation described~~as disclosed above, the Franchise Agreement does not require ~~us to~~that we: (a) protect your right to use the Marks ~~or~~; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (~~b~~c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our ~~m~~Marks or if the proceeding is resolved in a manner ~~that is~~ unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; ~~and/or~~ (c) pending material litigation ~~proceedings~~matters involving any of the Marks~~.~~ ~~We do not know of any~~; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents or pending patent applications are material to the franchise.

Copyrights

Although we have not filed an application for copyright registration for ~~the~~our Manual, ~~our~~Curriculum, Seashore Student Management Platform, website~~, our curriculum~~ or ~~our~~ marketing materials, we do claim a copyright to these items.

Proprietary Information

During the term of ~~your~~the Franchise Agreement, we ~~will~~ allow you to use ~~our~~ certain confidential and proprietary information relating to the ~~development,~~ marketing and operation of ~~a Seashore~~an Academy~~,~~ including~~, methods, techniques~~ the Curriculum, Teaching Methodologies, standards, specifications, procedures, policies, marketing strategies, financial data~~,~~ and supplier lists ~~and information comprising the System and the Manual.~~. We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to an Academy. We will also own: (a) all data collected about your students and families; and (b) all data collected regarding your business operations. ~~However, we~~ You must treat this data as confidential and proprietary. We license you the right to use this data ~~in the operation of your Academy~~ during the term of your Franchise Agreement. ~~You must maintain the confidentiality of our proprietary~~

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information ~~and use it only in strict accordance~~solely for purposes of developing, marketing and operating your Academy in compliance with the ~~terms of~~Franchise Agreement and Manual. We consider all information in the Manual to be confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. All of your employees, agents and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you give them access to our confidential information.

Infringements~~and the Manual.~~

You must promptly ~~tell~~notify us ~~when~~if you ~~learn about~~discover any unauthorized use of our proprietary information~~.~~ or copyrighted materials. We are not obligated to act, but will respond ~~to this information~~ as we deem appropriate. You may not control any proceeding or litigation ~~alleging the~~involving allegations of unauthorized use of our proprietary information~~.~~ or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information~~.~~ or copyrighted materials. There are no infringements known to us at this time.

~~All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Academy will be owned by us.~~

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

Owner Participation

You must designate an owner ~~who will have~~with overall responsibility for the on-premises management and operation of your Academy (the "Managing Owner"). The Managing Owner must:

- ~~(~~a) be approved by us
- ~~; (~~b) successfully complete all training programs we require
- ~~; (~~c) dedicate full-time efforts to the Business
- ~~; and (~~d) at all times hold at least a 10% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement

. The Managing Owner is not required to provide onsite management of your Academy as long as a ~~dedicated~~trained manager is onsite. Any new Managing Owner you appoint must successfully complete our then-current initial training program before ~~becoming involved with~~assuming responsibility for the supervision, management or operation of the ~~Business~~Academy.

~~You may hire a dedicated manager to provide onsite management and supervision of your Academy. Any person you hire~~Except as ~~a dedicated manager must:~~

- ~~be approved by us~~
- ~~successfully complete all training programs we require~~
- ~~dedicate full-time efforts to the onsite management and supervision of your Academy~~
- ~~sign the Brand Protection Agreement attached to the Franchise Agreement as~~ ATTACHMENT "F"

~~You may also hire assistant managers who would report to the~~ otherwise provided above with respect to your Managing Owner~~ or your designated manager. At all times during normal business hours, either the Managing Owner or your designated manager must be present at your Academy to provide onsite management and supervision. The Managing Owner must monitor and supervise the activities of the dedicated manager to ensure the Academy is operated in accordance with the Franchise Agreement and the Manual. We~~, we do not require that your ~~designated manager own any equity interest~~owners personally participate in the ~~franchise, although it is recommended.~~

~~All~~management or operation of your ~~employees and other agents or representatives who may have access to our confidential information (and who are not required to sign a Brand Protection Agreement) must sign the Confidentiality Agreement attached to the Franchise Agreement as~~ ATTACHMENT "G"~~.~~

Business. If you are an entity, each owner (i.e., each person holding ~~an~~a direct or indirect ownership interest in ~~you~~the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

Managers

~~ATTACHMENT "D".~~You may hire managers to assist the Managing Owner with onsite management and supervision of the Academy. Any person you hire as a manager must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the onsite management and supervision of your Academy; and (d) sign a Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or a trained manager must be present at the Academy to provide onsite management and supervision. The Managing Owner must monitor and supervise each manager to ensure the Academy is operated in accordance with the Franchise Agreement and Manual. We do not require that your managers own any equity interest in the franchise, although it is recommended.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require, including core classes as well as electives and enrichment programs. We may give you the option, but not the obligation, to offer certain programs or services (such as Summer Camp or tutoring). Or we may designate these programs or services as mandatory. You must only utilize the ~~academic curriculum~~Curriculum and educational materials we approve. You may not offer or conduct any classes, camps or programs, or sell any goods or services, that we have not approved. You may not offer any enrollment options we have not approved. You may not exceed any maximum teacher to student ratio we specify. All classes, camps and programs must be conducted and held at your Academy. However, we may allow you to conduct exhibits, promotional events or similar activities from off-site locations within your territory or within areas outside your territory that are not assigned to us or another franchisee. ~~We may require that you participate in a gift card program in accordance with our policies and procedures. You may not sell any gift certificates other than those designated or approved by us.~~ At any time, we may change the goods and services you offer and sell and you must comply with any such change.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement ~~(FA), Area Development Agreement (ADA)~~ and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of the franchise term	~~FA: Section 4.1~~1 (definition of Term) & 4.1	Term is equal to 10 years.
	~~ADA: Section 2~~	~~Term expires on opening of last Academy to be developed under development schedule.~~
b. Renewal or extension of the term	~~FA: Section 4.1 & 4.2~~4.1 & 4.2	If you meet our conditions for renewal, you can enter into 1 consecutive successor franchise agreement. The renewal term will be 10 years~~, for a total maximum term of 20 years.~~. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	~~ADA: Section 4.4~~	~~No renewal rights.~~
c. Requirements for you to renew or extend	~~FA: Section 4.1 & 4.2~~4.1 & 4.2	You must: not be in default; give us timely notice; sign ~~our~~ then-current form of franchise agreement~~ and related documents (e.g., Franchise Owner Agreement, etc.);~~; sign ~~a~~ general release (subject to state law); pay renewal fee; ~~remodel or upgrade your facility and its furniture, fixtures and equipment to comply with our then-current standards and specifications; and maintain possession of your Academy under your~~and extend lease~~.~~ for duration of renewal term, if applicable. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	~~ADA: Section 4.4~~	~~You may not renew or extend the term of the ADA.~~
d. Termination by you	~~FA: Section 20.1~~20.1	You can terminate ~~only~~ if we default and fail to timely cure ~~a material default within the cure period. Subject to state law~~.
	~~ADA: Section 8~~	~~You can terminate under any grounds permitted by law.~~
e. Termination by us without cause	~~FA: Section 20.4~~20.3	We can terminate without cause if you ~~and we mutually agree to terminate~~provide your written consent.
	~~ADA: Not Applicable~~	~~Not applicable~~
f. Termination by us with cause	~~FA: Section 20.2 & 20.3~~20.2	We can terminate if you default.
	~~ADA: Section 8~~	~~We can terminate if you default.~~
g. "Cause" defined - curable defaults	~~FA: Section 20.2 & 20.3~~20.2	You have the following cure periods: (a) 24 hours for health or safety hazards; (b) 10 days ~~to cure any monetary default. You have~~for financial defaults; (c) 20 days for loss of a required license or permit; and (d) 30 days ~~to cure~~for any other default~~,~~ (other than ~~defaults~~a default described below under "non-curable defaults~~".~~").
	~~ADA: Section 8~~	~~You have 30 days to cure any default, other than defaults described below under "non-curable defaults".~~
h. "Cause" defined - non-curable defaults	~~FA: Section 20.2~~20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; ~~insolvency, bankruptcy or seizure of assets;~~ abandonment; ~~failure to maintain required license or permit;~~ conviction of certain ~~types of~~ crimes or subject of certain administrative actions; ~~failure to comply with~~ violation of material law; commission of act that may adversely affect reputation of System or Marks; ~~health or safety hazards;~~ material misrepresentations; 2nd underreporting of ~~any amount due~~Gross Revenue by ~~at least~~ 2~~%~~;% or more; unauthorized ~~t~~Transfers; unauthorized use of our intellectual property; ~~violation~~breach of brand protection covenant; breach of Franchise Owner Agreement ~~by owner or spouse~~; termination of lease, if applicable, due to your default; 3 or more ~~defaults during the term~~default notices in a 12-month period; or termination of any other agreement between you ~~and us~~ (or ~~an~~your affiliate ~~due to your default. However, the termination of an ADA~~) and us (or our affiliate) due to your default ~~is not grounds for termination of any Franchise Agreement that is otherwise in good standing~~.
	~~ADA: Section 8~~	~~You cannot cure any default relating to the termination of a franchise agreement based on your default. Any termination of a franchise agreement is a default under the ADA allowing us to terminate without cure period.~~
i. Your obligations on termination/ non-renewal	~~FA: Section 21.1~~21.1	Obligations include: ~~remove trade dress and alter premises to eliminate any resemblance to a Seashore Academy;~~ cease use of intellectual property; return Manual, teaching materials, copyrighted materials and branded materials; assign telephone numbers, listings and domain names; assign enrollment agreements, student and family information, and accounts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	~~ADA: Not Applicable~~	~~The ADA does not impose any specific obligations on you after it is terminated or expires.~~

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
j. Assignment of contract by us	FA: Section 19.119.1	No restriction on our right to assign.
	ADA: Section 7.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 19.2 & ATTACHMENT "H" (definition of "Transfer")1 (definition of Transfer), 19.2 & 19.3	Includes ownership change or transfer of contract or assets, or ownership change.
	ADA: Section 1 (definition of "Transfer") & 7.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: Section 19.2, 19.3 & ATTACHMENT "H"1 (definition of "Permitted Transfer")), 19.2 & 19.3	If certain conditions are met, youYou may transfer to a newly-formed entity owned by you, orengage in certain instances, to an existing owner,a Permitted Transfer (defined in Note 2 in Item 6) without our approval. We have the right tomust approve all other tTransfers but will not unreasonably withhold approval.
	ADA: Section 1 (definition of "Permitted Transfer"), 7.2 & 7.3	If certain conditions are met, you may transfer to a newly-formed entity owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: Section 19.219.2	Transferee must: meet our qualifications; successfully complete training (or commitarrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under any agreements relating to the Business; and sign then-current form of franchise agreement for remainder of term (or, at our option, take assignment of existing franchise agreement). assume your Franchise Agreement; and upgrade furniture, fixtures and equipment to current standards. You must: be in compliance with Franchise Agreement; assign lease (if applicable); remodel facility and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so); pay transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal.
	ADA: Section 7.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); and sign then-current form of area development agreement for remainder of term (or at our option, take assignment of existing ADA). You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, purchaser must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign a general release (subject to state law). We must notify you that we do not intend to exercise our right of first refusal.
n. Our right of first refusal to acquire your business	Not ApplicableFA: Section 19.5	We can match any bona fide, arms-length offer fordo not have a right of first refusal to purchase your Academy or ownership interests in you.
	ADA: Section 7.5	We can match any bona fide, arms-length offer for your area development rights.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
o. Our option to purchase your business	Not ApplicableFA: Section 21.2	We have theanan option to purchase your Academy at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	We do not have a right to purchase your area development rights unless you attempt to transfer to a third party purchaser.
p. Your death or disability	FA: Section 19.48.4 & 19.4	Within 180 days, franchiseinterest must be assigned by estate to an assignee in compliance with conditions for other tTransfers. We may designate manager to operate the Academy prior to tTransfer.
	ADA: Section 7.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers.
q. Non-competition covenants during the term of the franchise	FA: Section 14.2 & 14.314.3	No involvement in a competing business; comply with non-disclosure covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: Section 14.2, 14.4 & 21.114.3 & 21.1	No involvement for 2 years in a competing business at the premises forof your Academy or within 25 miles of your Academy (subject to state law); comply with non-disclosure covenants; cease use of intellectual property.).
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: Section 24.3 & 24.824.3 & 24.8	Requires writing signed by both parties (except for unilateral changes towe may unilaterally change Manual or reduction ofreduce scope of restrictive covenants by us). Other modifications primarily to comply with various statesstate laws.
	ADA: Section 11.6	Requires writing signed by both parties. Other modifications primarily to comply with various states laws.
t. Integration/ merger clause	FA: Section 24.824.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on our behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	~~ADA: Section 11.6~~	~~Only the terms of the ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~
u.~~–~~Dispute resolution by arbitration or mediation	~~FA: Section 22~~22	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants~~.~~ or post-term obligations.
	~~ADA: Section 8.3~~	~~Subject to state law, all disputes must be mediated and then arbitrated before litigation.~~
v.~~–~~Choice of forum	~~FA: Section 22~~22	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Orange County, California).
	~~ADA: Section 8.3~~	~~Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Orange County, California).~~
w.~~–~~Choice of law	~~FA: Section 24.1~~24.1	Subject to state law, California law governs.
	~~ADA: Section 11.1~~	~~Subject to state law, California law governs.~~

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below:

"***Company-Owned Academy***" means any Academy that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person, or any other person listed in Item 2, is also involved with managing the Academy.

"***Converted Academy***" means any Academy that either: (a) was a Company-Owned Academy that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Academy that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Academy***" means any Academy that is owned by a franchisee.

"***Gross Revenue***" means the total revenue generated from all goods and services sold by the Qualifying Academy less: (a) sales or use taxes; (b) amounts refunded to customers; (c) revenue generated from the sale of books and supplies (franchisees do not generate revenue from the sale of books and supplies); and (d) revenue generated from supplier contracts (franchisees do not generate revenue from supplier contracts). Supplier contracts refer to contracts with third-party vendors that provide certain camps or electives for students and pay the Academy a percentage of the revenue.

"***Measuring Period***" means the school year beginning July 1, 2023 and ending June 30, 2024.

"***Qualifying Academy***" means any Company-Owned Academy or Franchised Academy that satisfies all of the following criteria: (a) the outlet was open and operating throughout the entire Measuring Period; (b) the outlet provided us with all data we requested in order to prepare the FPR; (c) the outlet is not a Converted Academy; and (d) the outlet does not operate using a "half-day model" (our standard franchise model is for a full-day model).

System Statistics~~, Reporting Group and Reporting Period~~

~~As of December 31, 2022, there were 0 franchised Academies and 3 affiliate-owned Academies ("Affiliate Outlets") in operation. This financial performance representation includes data from the 1 Affiliate Outlet that (1) was open and in operation during the entire 2022 calendar year (January 1, 2022 to December 31, 2022) and (2) operates using a "full-day model" (the "Reporting Group"). We excluded data from the Academy in Mission Viejo, California because it opened in September 2022 and therefore was not in operation during the entire 2022 calendar year. We also excluded data from the Academy in Huntington Beach, California because it operates using a "half-day model", which is materially different from the "full-day model" implemented at franchised Academies.~~

~~The information in the table below is a historical financial performance representation for the Reporting Group for the 2022 calendar year ("Reporting Period"). The financial information was prepared from internal accounting records and reports.~~

~~The Affiliate Outlets do not pay royalty fees, brand fund contribution, or local marketing commitment that franchised Academies will have to pay. The Affiliate Outlet included in this financial performance representation offers similar services and faces a similar degree of competition anticipated for the franchised Academies offered under this Franchise Disclosure Document.~~

~~Financial Performance Representation~~

~~Table 1 includes the performance of the Affiliate Outlet in Newport Beach, California during the Reporting Period. This Academy is approximately 10,000 square feet in size and opened in January 2019. It has a maximum enrollment capacity of 314 students. There are no material differences between this Academy and the franchised business offered under this Disclosure Document.~~

As of June 30, 2024 (the last day of the Measuring Period) there were 2 Company-Owned Academies and 0 franchised Academies in operation. For purposes of this FPR, each Academy may be referred to as an "outlet". The table below summarizes the outlet statistics and the number of Qualifying Academies whose data has been included in this FPR.

~~Table 1~~ ~~Student Enrollment, Revenues, Expenses, and Earnings~~ ~~For the Affiliate~~2023 Outlet ~~in Newport Beach, California~~ ~~During the Reporting Period~~Statistics							
Outlet Type	~~Spring Semester (January through June)~~	~~Fall Semester (July through December)~~	Statistics~~Total~~ for 2023/2024 School Year				Qualifying Academies
~~*Student Enrollment*~~							
~~Enrollment~~			~~314~~	~~294~~			~~314~~
~~*Revenues*~~							
~~Gross Sales~~			~~$1,947,660~~	~~$1,379,441~~			~~$3,327,101~~
~~*Expenses*~~							
~~Labor Costs~~			~~($887,298)~~	~~($936,125)~~			~~($1,823,423)~~
~~Local Marketing~~			~~($14,606)~~	~~($22,862)~~			~~($37,468)~~
~~Operating Costs~~			~~($317,232)~~	~~($265,466)~~			~~($582,699)~~
~~Total Expenses~~			~~($1,219,136)~~	~~($1,224,454)~~			~~($2,443,590)~~
~~*Rent*~~							
~~Rental Costs~~			~~($95,433)~~	~~($96,512)~~			~~($191,946)~~
~~*Imputed Fees and Expenses*~~							
~~Royalty Fees~~			~~($155,813)~~	~~($110,355)~~			~~($266,168)~~
~~Brand Fund Contribution~~			~~($19,477)~~	~~($13,794)~~			~~($33,271)~~
~~Local Marketing Commitment~~			~~($24,348)~~	~~($4,727)~~			~~($29,074)~~
~~Total Imputed Fees & Expenses~~			~~($199,637)~~	~~($128,876)~~			~~($328,513)~~
~~*EBITDA*~~							
~~EBITDA~~			~~$495,203~~	~~($64,419)~~			~~$430,783~~
	~~(25.4 %~~Open as of ~~Gross Sales)~~ Jul 1, 2023	Opened~~(4.7% of Gross Sales)~~	Closed	~~(12.9%~~Open as of ~~Gross Sales),~~ Jun 30, 2024	Converted Academies	Half-Day Academies	
~~*EBITDAR (excludes Rental Costs)~~Company-Owned	2	0	0	2	0	0	2
~~EBITDAR~~Franchised	~~$590,636~~ 0	~~$32,093~~ 0	~~$622,729~~ 0	0	0	0	0
Total	~~(30.3% of Gross Sales)~~2	0	0	~~(2.3% of Gross Sales)~~2	~~(18.7% of Gross Sales)~~0	0	2

Because there were no Franchised Academies open and operating during the Measuring Period, this FPR is limited to data from Company-Owned Academies. This FPR includes data from the following 2 Company-Owned Academies that are Qualifying Academies:

QUALIFYING ACADEMIES				
Location	**Opening Date**	**Type of Academy**	**Size of Campus**	**Enrollment Capacity**
Newport Beach, CA	January 2019	Traditional Academy	10,000 square feet	314
Mission Viejo, CA	September 2022	Traditional Academy	5,000 square feet	150

During the Measuring Year, the Newport Beach Academy generated: (a) $7,485 in revenue from the sale of books and supplies; and (b) $24,441 in revenue from vendor contracts. We excluded these revenues from this FPR since they are not typical of revenues a franchisee might expect to earn. There are no other material differences between the operations of the Qualifying Academies and the franchised business offered under this Disclosure Document for a Traditional Academy.

Financial Performance Representation – Traditional Academy

The table below presents the historical financial results achieved by 2 Qualifying Academies during the Measuring Period. The financial metrics presented include student enrollment, Gross Revenue (broken down by revenue stream) and average revenue per student. To calculate average revenue per student we divided total Gross Revenue for the Measuring Period by the total number of students enrolled at any time during the Measuring Period.

Financial Performance Representation – July 1, 2023 through June 30, 2024						
Performance Metrics	***Newport Beach***			***Mission Viejo***		
	Fall	**Spring**	**Annual**	**Fall**	**Spring**	**Annual**
Student Enrollment	275	301	304	24	27	28
Gross Revenue						
Tuition	$1,562,663	$1,073,974	$2,636,637	$144,540	$107,076	$251,616
Enrollment Fees	$98,930	$238,530	$337,460	$3,800	$21,200	$25,000
Application Fees	$9,894	$11,710	$21,604	$1,365	$3,145	$4,510
Charter Funds	$17,453	$35,054	$52,507	$1,758	$2,700	$4,458
Enrichment Programs	$93,299	$37,947	$131,246	$0	$1,729	$1,729
Coop Fees	$78,154	$66,291	$144,445	$0	$0	$0
Financing Fees	$3,350	$3,625	$6,975	$100	$800	$900
Late Fees	$9,000	$2,900	$11,900	$700	$300	$1,000
Contract Breach Fees	$7,155	$1,590	$8,745	$0	$0	$0
Total Gross Revenue	**$1,879,898**	**$1,471,621**	**$3,351,519**	**$152,263**	**$136,951**	**$289,213**
Average Revenue Per Student	-	-	**$11,025**	-	-	**$10,329**

Notes:

1. ~~"*Gross Sales*" means total revenues from all sales less taxes and refunds. We did not include any~~ Semesters: Spring semester covers revenue ~~or expense data from the optional Summer Camp.~~

2. ~~"*Labor Costs*" includes costs and expenses paid directly or indirectly to employees and costs directly associated with employment for the Academy. These costs include wages, contract labor, employee bonuses, payroll tax, employment-based insurance, and direct employee benefits.~~

3. ~~"*Local Marketing*" includes actual amounts spent to market and promote the Academy. Since the actual marketing expenses incurred were less than the local marketing commitment that would have applied if the Academy was a franchised outlet, we included the differential~~generated between ~~the local marketing commitment and actual marketing expenses incurred under "Imputed Fees and Expenses".~~

~~4. "*Operating Costs*" includes all costs incurred by the Academy other than Labor Costs, Local Marketing, Rental Costs, interest, depreciation, business income taxes, depreciation and amortization.~~

~~5. "*Rental Costs*" includes base rent only. Other facility costs such as minor maintenance or cleaning services are included in Operating Costs.~~

~~6.~~1. ~~"*Imputed Fees and Expenses*" includes the royalty fee and brand fund contribution that would have been imposed if the Academy were a franchised outlet. The royalty fee is calculated as 8% of Gross Sales and the brand fund contribution is calculated as 1% of Gross Sales. A franchisee must spend a minimum amount equal to the local marketing commitment (monthly amount equal to greater of $200 or 2% of Gross Sales, measured over a rolling 6-month basis) on local advertising and marketing. Therefore, "*Imputed Fees and Expenses*" also includes the difference~~January 1st and June 30th. Fall semester covers revenue generated between ~~the local marketing commitment (as applied to the Affiliate Outlet) and the actual marketing expenses incurred by the Academy (since the Affiliate Outlet spent less than 2% of Gross Sales on local marketing and advertising).~~July 1st and December 31st.

~~7. "*EBITDA*" is calculated as Gross Sales minus Labor Costs, Local Marketing, Operating Costs, Rental Costs and Imputed Fees and Expenses, but excluding interest, depreciation, business income taxes and amortization.~~

~~8. "*EBITDAR*" is calculated as Gross Sales minus Labor Costs, Local Marketing, Operating Costs and Imputed Fees and Expenses, but excluding Rental Costs, interest, depreciation, business income taxes and amortization. We have provided the EIBTDAR figure because it is a commonly utilized measure of performance in the industry.~~

~~9.~~2. ~~In making the above financial performance representation, we relied on~~ Source of Data: We obtained the data for this FPR from internally prepared financial statements ~~for~~of the ~~Affiliate Outlet using~~Qualifying Academies generated from QuickBooks accounting software. ~~Neither we nor any independent certified public accountant has independently audited the information.~~

3. ~~You should consult with your advisors to develop your own estimates of revenues and expenses for your Academy.~~Charter Funds: The Qualifying Academies currently partner with homeschool charter schools. Parents receive a certain allocated amount from the charter school for their child. The student is enrolled at the homeschool and at the Qualifying Academy, which provides homeschooling for the parent. The charters schools do not provide classes but they do provide structure and oversight to ensure proper educational criteria are satisfied. These programs vary by state and may not be available in some states. You should check with your local and state government agencies to confirm the types of charter programs offered to parents and students in your state. You may be required to follow special procedures or satisfy additional criteria established by local or state government agencies in order to participate in these programs.

4. Enrichment Programs: Enrichment programs includes any program other than regular classes offered during Spring and Fall semesters, including morning electives, summer camps, break camps, field trips and after-school programs. You have the option, but not the obligation, to offer one or more enrichment programs.

5. Coop Fees: Coop fees include revenue generated from the Early Childhood Education Program, a parent cooperative program administered and run by Seashore. These cooperative fees cover the cost of rent, insurance, supplies, trained staff, administration, and insurance. The Early Childhood Education Program may not be available outside of California.

~~10.~~6. Contract Breach Fees: The contract breach fee refers to a $795 fee imposed when: (a) a parent enrolls the student for the entire year; (b) the parent pays the full amount of tuition up front to receive a discount; and (c) the student leaves program before the end of the school year.

Some Seashore Academies have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer at ~~1300 Bristol Street N, Suite 100~~2618 San Miguel Drive, #270, Newport Beach, California 92660 or by phone (949) 264-3195, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 202~~0~~1 TO 202~~2~~3				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	202~~0~~1	0	0	0
	202~~1~~2	0	0	0
	202~~2~~3	0	0	0
Company-Owned	202~~0~~1	~~1~~2	~~2~~3	+1
	202~~1~~2	~~2~~3	~~3~~4	+1
	202~~2~~3	~~3~~4	~~3~~2	~~0~~-2
Total Outlets	202~~0~~1	~~1~~2	~~2~~3	+1
	202~~1~~2	~~2~~3	~~3~~4	+1
	202~~2~~3	~~3~~4	~~3~~2	~~0~~-2

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 202~~0~~1 TO 202~~2~~3		
State	**Year**	**Number of Transfers**
Total	202~~0~~1	0
	~~2021~~	~~0~~
	~~2022~~	~~0~~

~~TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2020 TO 2022~~

~~State~~	~~Year~~	~~Outlets at Start of Year~~	~~Outlets Opened~~	~~Termin-ations~~	~~Non-Renewals~~	~~Reacquired by Franchisor~~	~~Ceased Operations - Other Reasons~~	~~Outlets at End of Year~~				
~~Totals~~			202~~0~~2			0	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
			202~~1~~3			0	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2022~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~				

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020~~0~~1 TO 2022~~2~~3							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2020~~0~~1	~~1~~2	1	0	0	0	~~2~~3
	2021~~1~~2	~~2~~3	1	0	0	0	~~3~~4
	2022~~2~~3	~~3~~4	0	0	~~0~~2	0	~~3~~2
Totals	2020~~0~~1	~~1~~2	1	0	0	0	~~2~~3
	2021~~1~~2	~~2~~3	1	0	0	0	~~3~~4
	2022~~2~~3	~~3~~4	0	0	~~0~~2	0	~~3~~2

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2022~~2~~3			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	~~2~~0	~~1~~4	0
Total	~~2~~0	~~1~~4	0

Our fiscal year ends on December 31st. A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 202~~2~~3. In addition, EXHIBIT "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Freedom Learning, LLC as of December 31, 2023 and December 31, 2022 are attached to this Disclosure Document as EXHIBIT "F". ~~In addition, an unaudited balance sheet as of May 31, 2023 and an unaudited income statement from January 1, 2023 through May 31, 2023 are attached to this Disclosure Document as EXHIBIT "F".~~ Because we have not been in existence for 3 years, we cannot provide all

of the financial statements required by the FTC franchise disclosure guidelines.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C" Franchise Agreement
~~EXHIBIT "D" Area Development Agreement~~
~~EXHIBIT "G"~~EXHIBIT "D"-1 State Addenda
~~EXHIBIT "G"~~EXHIBIT "D"-2 General Release

Attachments to Franchise Agreement

~~ATTACHMENT "B"~~ATTACHMENT "B" Form of Site Approval Notice
~~ATTACHMENT "C" Lease Addendum~~
~~ATTACHMENT "D"~~ATTACHMENT "D" Franchise Owner Agreement
~~ATTACHMENT "E"~~ATTACHMENT "E" ACH Authorization Form
~~ATTACHMENT "F" Brand Protection Agreement~~
~~ATTACHMENT "G"~~ATTACHMENT "F" Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "H" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

~~**MARYLAND**~~
~~Office of the Attorney General~~
~~Securities Division~~
~~200 St. Paul Place~~

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
~~New York Department~~Secretary of State
~~One Commerce Plaza~~
99 Washington Avenue~~, 6th Floor~~
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

~~**RHODE ISLAND**~~
~~Department of Franchise Regulation~~
~~1511 Pontiac Avenue, John O. Pastore~~

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Mailing Address:
~~Washington~~ Department of Financial Institutions
Securities Division
~~P.O. Box~~PO BOX 41200
Olympia, WA 98504-1200

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

	~~Complex, Bldg 69-1~~ ~~Cranston, Rhode Island 02920~~ ~~(401) 462-9527~~	

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

United States Corporation Agents, Inc.
1623 Central Ave Ste 18
Cheyenne, Wyoming 82001
(323) 962-8600

In states listed in EXHIBIT "A", the additional agent for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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~~ATTACHMENT "F" Brand Protection Agreement~~	
~~ATTACHMENT "G"~~ATTACHMENT "F"	Confidentiality Agreement
~~ATTACHMENT "H" Definitions~~	

SEASHORE ACADEMY FRANCHISE AGREEMENT

This Seashore Academy Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Freedom Learning, LLC, a Wyoming limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. ~~Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "H". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "H" lists the Sections of this Agreement in which such terms are defined.~~Capitalized terms not defined above have the meanings given to them below:

"*Academy*" means any private education business that we authorize to use our Curriculum and Teaching Methodology.

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

"*Alternative Channels of Distribution*" means all channels of distribution other than the provision of education and enrichment services to students while physically present at an Academy. Examples include the provision of education products or services over the Internet, through catalogs or telemarketing or onsite at a student's home or school.

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*Business Data*" means, collectively or individually, Customer Data and Operational Data.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Competing Business*" means any supplemental education business that is competitive with a Seashore Academy and (a) maintains homeschooling status, (b) offers flexible scheduling for students and (c) offers subjects that are similar to those offered at a Seashore Academy.

"*Confidential Information*" means and includes: (a) Know-How (including the Curriculum and Teaching Methodology); (b) Business Data; (c) terms of the Definitive Agreements and any attachments thereto and amendments thereof; (d) information in the Manual; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you or to an Owner without breaching any obligation of confidentiality imposed on such third party.

"*Confidentiality Agreement*" means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §14.5, the current form of which is attached as ATTACHMENT "F".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an Academy.

"*Curriculum*" means our proprietary academic curriculum used to teach classes at a Seashore Academy, as

modified by us from time to time.

"*Customer Data*" means and includes any and all data that pertains to Seashore Academy students or their families, including names, contact information, enrollment information, attendance records, report cards, teacher notes, parent communications and payment history.

"*Definitive Agreements*" means, collectively: (a) this Agreement; (b) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for an Academy or any other franchised concept; and (c) all ancillary agreements executed in connection with the foregoing, including Franchise Owner Agreements.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"*Equity Interest*" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in a business or an Entity (including voting rights).

"*Excluded Claim*" means any Claim that, according to §22, is not subject to mandatory mediation or arbitration.

"*Force Majeure*" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Academy as a result of such epidemic or pandemic.

"*Franchise Owner Agreement*" means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "D".

"*Franchisee Entity*" means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

"*Government Official*" means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

"*Gross Revenue*" means all amounts that you charge, invoice or collect from all goods and services sold in connection with your Academy, whether in the form of cash, check, credit card, debit card, barter, exchange or otherwise, and regardless of collection. All barter and/or exchange transactions in which you furnish products and/or services in exchange for products and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Revenue, be valued at the full retail value of the products and/or services so provided to you. Gross Revenue also includes any other amounts you may collect in relation to your Business, including advertising revenue, sponsorship fees and business interruption insurance

proceeds. If you provide free or discounted goods or services, you must calculate Gross Revenue using the standard non-discounted retail pricing for such good or services (except as otherwise provided in the Manual for free or discounted goods or services provided to certain qualifying staff members or to your direct children). Gross Revenue excludes: (a) sales or use taxes you pay to a Governmental Authority; and (b) revenue you collect from a customer and later refund to that customer in a bona fide refund transaction.

"*Home-Based Academy*" means a home-based Academy where students visit the franchisee's home to attend classes.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at an Academy, (b) method of operation of an Academy, (c) processes, systems or procedures utilized by an Academy, (d) marketing, advertising or promotional materials, programs or strategies utilized by an Academy or (e) trademarks, service marks, logos or other intellectual property utilized by an Academy, whether developed by you, an Owner, an employee or any other Person.

"*Indemnified Parties*" means and includes us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how and Marks.

"*Interim Manager*" means a Person we designate to temporarily manage your Academy under the circumstances described in §8.4.

"*Interim Term*" means a month-to-month extension of the Term under the circumstances described in §4.3.

"*IP Dispute*" means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the marketing or operation of an Academy including, but not limited to: the Curriculum; the Teaching Methodology; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; and financial information.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

"*Local Marketing Commitment*" means the minimum amount of money you must spend each month on local advertising and marketing to promote your Academy in accordance with §10.3(a).

"*Losses and Expenses*" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"*Managing Owner*" means the Owner you designate and we approve with primarily responsibility for the overall management and supervision of the Academy.

"*Manual*" means our confidential Brand Standards Manual for the operation of an Academy, as further described in §11.2. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

"*Marks*" means and includes all service marks, trademarks, trade names, logos and taglines that we designate from time to time and authorize or require Academies to use, including SEASHORE ACADEMY® and the associated logo (for Traditional Academies) or the tagline "A SEASHORE ACADEMY® Certified Education Center" (for Home-Based Academies). The Marks also include any distinctive trade dress used to identify an Academy.

"*Operational Data*" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Revenue data.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Business or Franchisee Entity.

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 10% of the Equity Interests in the Business or Franchisee Entity; or (b) a Transfer by the Owners to a new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Post-Term Restricted Period*" means, with respect to you: a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term Restricted Period means: a period of one (1) year after the termination, expiration or Transfer of this Agreement.

"*Post-Term Restricted Period*" means, with respect to an Owner: a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer holds any Equity Interest in the Business or Franchisee Entity; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer holds any Equity Interest in the Business or Franchisee Entity.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, our Curriculum, our Teaching Methodology or an Academy; and/or (c) inducing any student enrolled in an Academy (or inducing the student's family) to transfer their business to a competitor.

"*Qualifying Child*" means, for purposes of determining your Territory, any child that: (a) is 18 years of age or younger; and (b) lives in a household with annual income of $150,000 or more.

"*Restricted Territory*" means: the geographic area within a 25-mile radius from your Academy (and including the premises of your Academy); *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means: the geographic area within a 10-mile radius from your Academy (and including the premises of your Academy).

"*Seashore Academy*" has the same meaning set forth above for an "Academy".

"*Site Approval Notice*" means the Site Approval Notice attached as ATTACHMENT "B" that we may issue to you pursuant to §0 and §7.1 to identify the approved site for your Academy and your Territory.

"*Site Selection Area*" means the geographic area described in Part E of ATTACHMENT "A" and within which you must find a site we approve for your Academy.

"*Seashore Student Management Platform*" means our designated technology stack consisting of various third-party software and technologies utilized to operate an Academy.

"*Successor Agreement*" means our then-current form of Seashore Academy Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

"*Teaching Methodology*" means our proprietary teaching and educational methodologies, techniques, processes and strategies used to teach students in accordance with our Curriculum.

"*Technology Systems*" means and includes the Seashore Student Management Platform and all other information and communication technology systems we specify from time to time, including, without limitation, the computer systems, point-of-sale systems, learning management systems, curriculum distribution systems, webcam systems, telecommunications systems, security systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

"*Territory*" means the protected territory for your Academy, as further described in §0.

"*Traditional Academy*" means an Academy operated from a non-residential premises.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);

(c) the Business you conduct pursuant to this Agreement (or any interest therein);

(d) the Academy's assets, other than the sale of fixtures or equipment in the ordinary course of business; or

(e) an Equity Interest in the Business or Franchisee Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

"*Travel Expenses*" means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Academy; or (b) by you and your personnel to attend training programs or conferences.

2. GRANT OF FRANCHISE.

2.1. Generally. We hereby grant you ~~a~~the right, license and obligation to own and operate a Seashore Academy education business (your "Business" or your "Academy") using our Intellectual Property from ~~a single location that~~the site we approve. As a franchisee, you will establish and operate a supplemental education business that integrates custom schooling, adaptive learning and an academically intensive curriculum for families seeking a structured, high-quality academic alternative to homeschooling. For purposes of this Agreement, an "Academy" refers to any Academy operated by us, our affiliates, you or other franchisees. We reserve all rights not expressly granted to you.

2.2. Trade Name. You may choose to operate your Academy: (a) under the name SEASHORE ACADEMY®; or (b) under a different business name that you propose and we approve (an "Academy Tradename"). Part B of ATTACHMENT "A" confirms whether you have elected to operate under the name SEASHORE ACADEMY® or an Academy Tradename. If you operate under an Academy Tradename: (a) we will list the approved Academy Tradename in Part B of ATTACHMENT "A" and you must sign the acknowledgment confirming the approved Academy Tradename you will use; (b) you must list your Academy Tradename in conjunction with the tagline "A SEASHORE ACADEMY® Certified Education Center" in the manner we require; (c) you may not use any name other than your Academy Tradename (in conjunction with our designated tagline) to identify your Academy; and (d) you may not use any of our Marks except for our designated tagline and any other Marks we otherwise approve or require from time to time.

2.3. Business Model. You may choose between operating a Home-Based Academy or a Traditional Academy. Part C of ATTACHMENT "A" confirms whether you have elected to operate a Home-Based Academy or a Traditional Academy.

3. **TERRITORIAL RIGHTS AND LIMITATIONS**. We will grant you ~~a~~an exclusive territory (your "Territory") that will include a minimum of 35,000 Qualifying Children, as determined using ~~our~~any territory mapping software ~~"Geostrategies". A "Qualifying Child" is any child that: (a) is 18 years of age or younger; and (b) lives in a household with annual income of $150,000 or more~~we designate. Most territories include between 35,000 and 45,000 Qualifying Children. If we approve the site for your Academy prior to execution of this Agreement, ~~then~~ we will describe your Territory in Part ~~D~~G of ~~ATTACHMENT "A"~~ATTACHMENT "A" shall identify the geographic area that comprises your Territory. ~~If we do not approve the site for your Academy prior to execution of this Agreement, then within 15 days after~~ Otherwise, we ~~approve the site for~~will describe your ~~Academy, we will send you a written notice (the "~~Territory in the Site Approval Notice~~") that will identify: (a) the approved location for~~ we send to you after approving your ~~Academy; and (b) the geographic area that comprises your Territory, as determined by us in our sole discretion. Your Territory will be exclusive. By exclusive, we mean that~~site. During the Term we will not develop or operate, or ~~grant a franchise or~~ license ~~to~~ a third party to develop or operate, an Academy that is ~~physically~~ located ~~with~~in your Territory ~~during the Term.~~. We reserve the right to sell, ~~or grant franchises or licenses to~~and license third parties to sell, competitive or identical goods ~~or~~and services (including under the Marks) within the Territory through Alternative Channels of Distribution~~, irrespective of whether the sales take place in your Territory~~.

4. **TERM AND RENEWAL**.

4.1. Generally. ~~The term of this~~This Agreement ~~begins on~~grants you the ~~Effective Date and expires 10 years thereafter (the "Term"). If this Agreement is the initial franchise agreement for~~right to operate your Academy~~, you may enter into one (1) successor franchise agreement (a "Successor Agreement") as long as~~ only during the Term. Provided that you ~~meet the~~satisfy all conditions for renewal specified below~~.~~, you have the one-time right to enter into a Successor Agreement following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement ~~that~~ we use in granting franchises as of the expiration of the Term~~.~~, ~~T~~the terms ~~and conditions~~ of ~~the Successor Agreement~~which may vary materially and substantially from the terms ~~and conditions~~ of this Agreement. Upon renewal, we ~~also~~ reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. The renewal term will be 10 years~~, for a maximum total term of 20 years. You have no~~. The parties may agree to further ~~right to operate your Academy following the~~renewals after expiration of the first (1st) renewal term~~.~~, but neither party is obligated to do so (unless ~~we grant you another franchise or further~~required by applicable state Law, in which case the same renewal ~~in our sole discretion.~~terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement ~~as well as~~and your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

(a) notify us in writing of your desire to enter into a Successor Agreement not less than ~~1~~210 days nor more than ~~180~~270 days before the expiration of the Term;

(b) not be in default under ~~this~~any Definitive Agreement ~~or any other agreement with us or any affiliate of ours~~ at the time you send the renewal notice or ~~the time you~~ sign the Successor Agreement;

(c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;

(d) sign a General Release;

~~( )~~ pay us a $~~5,000~~995 renewal fee;

~~(f)~~(e) ~~remodel~~ and ~~renovate your facility and upgrade your furniture, fixtures and equipment to comply with our then-current standards and specifications;~~

~~(g)~~(f) extend the term of your lease (if applicable) for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. Interim Term. If you do not sign a Successor Agreement but continue to operate your Academy after the expiration of the Term ~~and you continue to accept the benefits of~~, we may either treat this Agreement~~, then at our option, this Agreement may be treated either~~ as: (a) expired as of the ~~date of the~~Term expiration date with you ~~then~~ operating ~~without a franchise to do so and~~ in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

~~Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.~~

~~6.~~5. TRAINING AND CONFERENCES

6.1.5.1. Initial Training Program. The Managing Owner and your initial management personnel must ~~attend and~~ successfully complete our initial training program before your Academy opens.

~~Initial Training For New Owners/Managers~~

~~.~~ If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

6.2.5.2. ~~Periodic~~Ongoing Trainings. We may offer periodic refresher or ~~additional~~supplemental training courses for your Managing Owner and management personnel. ~~Attendance at these training programs is~~ We may designate courses as mandatory~~.~~

6.3. ~~Additional Training Upon Request.~~ ~~Upon your written request, we may provide additional assistance~~ or ~~training to you at a mutually convenient time.~~

6.4. ~~Remedial Training~~optional. If we determine ~~that you are not operating~~ your Academy is not being operated in full compliance with this Agreement and~~/or~~ the Manual, we may~~, at our option,~~ require that your Managing Owner and management personnel attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time.

5.3. Training Locations. Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

5.4. Training Fees and Expenses. We provide our preopening initial training program at no additional charge. We may charge an additional training/assistance fee of up to $450 per Person per day for any Person who: (a) attends our initial training program after you open your Academy; (b) retakes training after failing a prior attempt; (c) attends remedial training program; (d) attends additional training

requested by you; or (e) attends refresher or supplemental training. We may also charge the fee for any special assistance you request beyond what we must provide under this Agreement. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur. You are responsible for all wages and Travel Expenses (if applicable) your personnel incur to attend training programs.

6.5.5.5. Conferences. We may hold periodic ~~national or regional~~ conferences to discuss ~~various~~ business ~~issues~~ and operational ~~and general business concerns affecting Seashore Academies.~~matters relevant to franchisees. Attendance ~~at these conferences~~ is mandatory~~.~~

6.6.~~1.1.~~ unless: (~~Training Fees and Expenses.~~ ~~We will provide our pre-opening initial training program in exchange for the $1,500 initial training fee. You must pay us a training fee of up to $450 per person per day for:~~

- ~~each person that attends our initial training program after you open your Business (such~~) we designate attendance as ~~a new Managing Owner~~optional; or ~~manager);~~
- ~~(i) any person who retakes training after failing on a prior attempt;~~
- ~~(i) any remedial training~~(b) we ~~require~~waive your obligation to attend based on ~~your operational deficiencies;~~
- ~~(i) each person to whom we provide additional training that you request;~~
- ~~(i) each person who attends any system-wide or additional training we conduct; and~~
- ~~(i) any special assistance you request beyond what we must provide under this Agreement.~~

~~If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging.~~showing of good cause. We may charge you a conference registration fee of up to $~~7~~500 per ~~p~~Person per conference. ~~You~~ If you fail to attend a required conference without a waiver from us, you must pay us the conference registration fee ~~even if you fail to attend, although we may waive the fee if you demonstrate good cause for your inability to attend.~~despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference). You are responsible for all ~~expenses~~wages and ~~costs~~Travel Expenses you and your ~~trainees~~personnel incur ~~for training or attending conferences, including wages, travel and living expenses. All fees and expense reimbursements are due 10 days after invoicing, except the initial training fee is due upon execution of this Agreement.~~ to attend conferences.

~~7.~~6. OTHER FRANCHISOR ASSISTANCE.

7.1.6.1. Manual. ~~During the Term, we will~~We provide you with ~~online~~ access to our ~~confidential Brand Standards~~ Manual ~~(~~during the ~~"Manual").~~Term. The Manual will help you ~~establish~~develop and operate your Academy. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. Curriculum and Teaching Methodology. We will provide you with access to our proprietary Curriculum and Teaching Methodology, as periodically modified by us from time to time at our discretion.

7.2.6.3. Seashore Student Management Platform. We ~~will sublicense~~hereby grant you a license to ~~you the right to utilize~~use the Seashore Student Management Platform~~.~~ solely in connection with the operation of your Academy. You must utilize this technology platform in the manner ~~we specify in~~required by the Manual~~. You must pay us an annual fee of $22~~, including compliance with required data entry policies. The licensing fees for ~~each student that enrolls at your Academy, which covers access to~~ the Seashore Student Management Platform ~~and help offset our costs~~are included within the Enrollment Fee you pay us. You are strictly prohibited from: (a) sublicensing the Seashore Student Management Platform to ~~develop and host a microsite dedicated~~any other Person; or (b) using the Seashore Student Management Platform for any purpose unrelated to your Academy. ~~This fee~~You will ~~be included as~~

partuse the Seashore Student Management Platform for a variety of the technology fee referenced in Section 11.9.purposes, including to access our Curriculum.

7.3.6.4. General Guidance. Based upon periodic inspections ofWe will periodically review and evaluate your Academy orand reports you submit to us, we will and provide our guidance and recommendations on ways to improve the marketing and/or operation of your BusinessAcademy. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, e-mail or similar methodsphone, email or other means of communication.

7.4.6.5. Field Visits. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Academy. We may prepare andwill provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvementsour instructions to address or resolve such problems or concerns. You must implement all required changes or improvementscorrective measures in the time and manner we specify.

7.5.6.6. Marketing Assistance. As further described in Section 10.1 and Section 10.2,§10: (a) we will provide you with certain marketing assistance and support during the Term; and (b) we may, but need not, administer the brand and system development fund and provide you with other marketing assistance during the Term..

7.6.6.7. Website. We will maintain a corporate website for our brand. We will also develop and host a local microsite for your Academy that will be linked to our corporate website. The microsite and will include such information about your Academy that we deem appropriate. We provide the microsite regardless of whether you operate your Academy under our Marks or under an Academy Tradename. We must approve all content on your microsite, but we will consider your suggestionsinformation you suggest in good faith. You must pay us a $495 annual technology fee that covers, among other things, the development and hosting of your microsite. The first annual installment of the technology fee is due upon execution of this Agreement. Subsequent installments are due on each anniversary of the Effective Date of this Agreement. We will own the website (including your microsite) and domain name at all times. We may modify the content of and/change or discontinue thesour website (includingand/or your microsite) at any time in our sole discretion.

7.7. Email Addresses. We may, but need not, provide you with one or more Seashore Academy email addresses for use with your Business. You must exclusively use the email address or addresses that we provide for all communications with us, parents, suppliers and other persons relating to your Business. We may charge you all costs we incur to host your email address(es) (these costs would be added to your technology fee described in Section 11.9). You may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you to use them during the Term.

7.9.6.8. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, weWe will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain itemsgoods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup. We may also host an online store through which you must purchase various goods or services that we specify.

8.7. ESTABLISHING YOUR BUSINESSACADEMY

8.1.7.1. Site Selection. You must locate and obtain our approval of the site for your Academy within 120 days after the Effective Date. The premisessite must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" (the "Site Selection Area") and must conform to our minimum site selection criteria.suitable for teaching students. You must send us a complete site report for photos of your proposed site, containing all demographic, commercial and other information, photographs and video tapes we reasonably. We may also require. We have a video "walkthrough" of

the site, in which case you must facilitate the ~~right to~~virtual site evaluate. We may accept or reject ~~all proposed sites~~each site you propose in our commercially reasonable judgment. We will notify you of our decision within 30 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our ~~written~~ approval within the 30-day period. If we approve the site for your Academy prior to execution of this Agreement, ~~then~~we will list the address of ~~the~~your approved site ~~will be listed~~ in Part ~~C~~F of ~~ATTACHMENT "A"~~ATTACHMENT "A". ~~If we do not approve the site for your Academy prior to execution of this Agreement, then within 15 days after~~ Otherwise, we ~~approve your site, we will send you the Site Approval Notice that will identify: (a)~~list the address of your approved site~~; and (b) the geographic area that comprises your Territory, as determined by us~~ in ~~our sole discretion~~a Site Approval Notice we will send to you within 15 days after approving your site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section ~~of the Site Approval Notice~~ and send us a copy for our records. Our approval of the site (and designation of your Territory ~~in the Site Approval Notice shall be deemed~~) is immediately effective and binding on you at the time we issue ~~such notice, regardless of whether~~the Site Approval Notice even if you ~~sign and/or~~do not send us ~~the~~a signed ~~acknowledgement. You understand that our~~acknowledgment. Our approval of a site ~~does~~is not ~~constitute~~ a representation or warranty of any kind, express or implied, of the ~~suitability~~desirability or potential profitability of the site for an Academy. ~~Our approval of the site~~It indicates only that we believe the site ~~meets our minimum criteria.~~is adequate and suitable for teaching students.

8.2. ~~**Lease**. If you lease the premises for your Academy, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require that you find a new site for your Academy. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.~~

8.4. ~~**Construction. The Manual includes our**~~**Site Development.** We have no design requirements, standards ~~and~~or specifications ~~pertaining to the design, layout, equipping and trade dress for a Seashore Academy. You must, at your expense, complete all renovations and upgrades to~~ for the facility ~~to comply with our standards and specifications. You must also make all modifications and upgrades to your facility required by applicable law.~~from which you will operate your Academy except it must be suitable for teaching students. You must purchase ~~(or lease) and install all computer systems, furniture, fixtures,~~ all equipment, ~~signs~~Technology Systems, teaching materials and other ~~items~~supplies that we ~~require~~designate.

8.5. **7.3. Opening**. You must open your Academy to the public within 180 days after the Effective Date. You may not open ~~your Academy~~ prior to receipt of ~~a~~our written authorization to open ~~issued by us.~~. We will not issue ~~an~~our authorization to open before:

(a) the Managing Owner successfully completes initial training to our satisfaction;

(b) you purchase all required insurance policies and ~~furnish us with~~provide evidence of coverage;

(c) you obtain all required licenses, permits and ~~other governmental~~ approvals~~;~~ from Governmental Authorities;

(d) you hire and train the teachers and staff members necessary to operate your Academy; ~~and~~

(e) we review and approve the buildout and layout of your Academy; and

~~(e)~~(f) you fulfill all of your other preopening obligations under this Agreement and the Manual.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Academy and you agree to make any changes we require before opening. ~~BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS~~

~~TO YOU.~~

8.6.7.4. Relocation. You may relocate your Academy with our prior ~~written~~ approval, which we will not unreasonably withhold. If we allow you to relocate, you must~~: (~~ obtain our approval of a~~) locate~~ new site for your ~~new~~ Academy within the ~~Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with~~ Sections 7.1 ~~through~~ Section 7.4 ~~of this Agreement with respect to~~ Territory. You must ensure there is no disruption of operations during the relocation process; *provided, however*, that if you relocate because your ~~new~~ Academy ~~(excluding the~~ is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 180~~ day opening period); (c) pay us a $7,500 relocation fee at the time we approve your relocation request; and (d) open your new Academy and resume operations within 30~~ days after closing ~~your prior location~~to reopen at the new site.

~~9.~~8. MANAGEMENT AND STAFFING.

9.1.8.1. Owner Participation. You must designate an Owner who will have overall responsibility for the management and operation of your Academy (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) at all times ~~hold~~own at least ~~a~~ 10% ~~ownership interest~~of the Equity Interests in the ~~franchise (~~Business or ~~the entity that is the franchisee under this Agreement)~~Franchisee Entity, unless we waive this requirement. Any new Managing Owner you appoint must successfully complete our then-current initial training program before ~~becoming involved with~~assuming responsibility for the supervision, management or operation of the Business.

9.2.8.2. Managers. You may hire a designated manager to assist the Managing Owner with the onsite management and supervision of your Academy. Any ~~p~~Person you hire as a ~~designated~~ manager must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the onsite management and supervision of your Academy; and (d) sign a ~~Brand Protection~~Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or ~~the designated~~a manager must be present at your Academy to provide onsite management and supervision. ~~You may also hire assistant managers who would report to the Managing Owner or your designated manager.~~ The Managing Owner must ~~monitor and~~ supervise ~~the activities of the designated~~each manager to ensure the Academy is operated in accordance with this Agreement and the Manual.

9.3.8.3. Employees. You must determine appropriate staffing levels for your Academy to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Academy. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, paychecks, employment agreements, timecards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

9.4.8.4. Interim Manager. We have the right, but not the obligation, to designate ~~an individual~~a Person of our choosing (an "Interim Manager") to manage your Academy if either: (a) ~~your Managing Owner~~

~~ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and~~ you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you ~~are in~~fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Academy at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us ~~a~~the management fee ~~equal~~we designate (not to ~~$~~exceed $1,500 per day) during the period of time that the Interim Manager manages your Academy; and (b) ~~You must also~~ reimburse us for all ~~travel and living expenses~~Travel Expenses incurred by the Interim Manager. The Interim Manager ~~will have~~has no liability to you except for gross negligence or willful misconduct. We ~~will~~ have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

10.9. FRANCHISEE ~~AS~~ ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon ~~our~~ request, you must ~~provide~~send us ~~with~~ a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing ~~(or the functional equivalent thereof). You represent that the~~. Each Owner of the Franchisee Entity ~~is duly formed~~, and ~~validly existing under the laws of the state~~the spouse of ~~its formation. All Owners (whether direct or indirect) and their spouses~~each Owner who is a natural Person, must sign ~~the~~a Franchise Owner Agreement ~~attached to this Agreement as ATTACHMENT "D"~~.

~~11.~~10. ADVERTISING & MARKETING.

11.1.10.1. Brand and System Development Fund.

( ) ~~Administration.~~ We ~~will establish and~~intend to administer a brand and system development fund to promote public awareness of our brand and improve our ~~System.~~Curriculum and Teaching Methodology. On the 5th day of each month, you must pay us a brand fund fee in the amount we designate (not to exceed 2% of Gross Revenue). We will provide at least 30 days' prior notice of any change to the brand fund fee. We deposit all brand fund fees and noncompliance fees we collect into the fund. We may use the fund to pay for any of the following in our sole discretion:

(a) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;

(b) conducting and administering promotions, contests or giveaways;

(c) improving public awareness of the Marks;

(d) public and consumer relations and publicity;

(e) brand development;

(f) sponsorships;

(g) charitable and non-profit donations and events;

(h) research and development of technology, products and services;

(i) website development and search engine optimization;

(j) development, maintenance and promotion of an ecommerce platform;

(k) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;

(l) conducting market research;

(m) changes and improvements to the ~~System~~Curriculum or Teaching Methodology;

(n) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;

(o) collecting and accounting for contributions to the fund;

(p) preparing and distributing financial accountings of the fund;

(q) any other programs or activities ~~that~~ we deem necessary or appropriate to promote Academies or improve ~~the System~~our Curriculum, Teaching Methodology or Technology Systems; and

(r) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to ~~any of the foregoing~~ marketing or advertising activities. Any surplus ~~of monies~~ in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. ~~A financial accounting~~We will prepare, and make available to you upon request, an annual statement of ~~the~~fund operations ~~of the fund~~, including deposits ~~into~~ and disbursements ~~from the fund, will be prepared annually and made available to you upon request.~~. In terms of marketing activities paid for by the fund, we do not ensure that ~~these~~: (a) expenditures in (or affecting ~~any~~) a given geographic area are proportionate or equivalent to the brand fund ~~contributions~~fees paid by franchisees ~~operating~~ in that geographic area; or ~~that any franchisee benefits~~(b) franchisees benefit directly or in proportion to their ~~fund contributions. Once established, we reserve the right to~~brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon ~~at least~~ 30 days' prior notice.

~~( ) Contributions. On the 5th day of each month, you must pay us a brand and system development fund fee in the amount we specify (not to exceed 2% of Gross Sales). We will provide at least 30 days' prior notice of any change to the brand fund contribution. We will deposit into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees.~~

11.4.10.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials for your purchase. We may: (a) use the brand ~~and system development~~ fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. ~~We may make~~; (b) provide online access to these materials ~~available over the Internet~~, in which case you must ~~arrange for printing~~print the materials at your expense; and ~~paying all printing costs. Alternatively, we may enter into relationships~~/or (c) contract with third-party suppliers ~~who will~~to create ~~the advertising or marketing~~and sell these materials ~~for your purchase~~to you. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.5.10.3. Your Marketing Activities.

(a) Generally. ~~In addition to your~~ You must spend a minimum of $500 per month on preopening marketing and advertising during the 60-day period prior to opening. We waive this required ~~contribution to the brand fund~~expenditure if you operate a Home-Based Academy and limit enrollment to your own children the first semester. After opening, you must spend, on a monthly basis, an amount equal to the greater ~~of: (i) $200 per month; or (ii) 2% of your monthly Gross Sales~~than the amount we designate from time to time (your "Local Marketing Commitment~~"). We~~ ") on local marketing and advertising. The Local Marketing Commitment will not exceed $300 per month. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds ~~your~~the Local Marketing Commitment, you ~~will be~~are deemed

in compliance even if your expenditure in any given month is less than the Local Marketing Commitment. Brand fund fees are in addition to, and not credited towards, your Local Marketing Commitment. We may reduce or waive your Local Marketing Commitment at any time that student enrollment at your Academy is equal to or greater than 90% of your maximum enrollment capacity. If you operate a Home-Based Academy, the Local Marketing Commitment is waived for any time period during which you plan to enroll only your own children. You ~~agree to~~must participate at your own expense in all advertising, promotional and marketing programs ~~that~~ we require.

(b) Standards for Advertising. All advertisements and promotions ~~that~~ you create or use must be completely factual ~~and~~, conform to the highest standards of ethical advertising and comply with all ~~federal, state and local laws.~~Laws. You must ensure ~~that~~ your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy ~~that~~ we establish from time to time. You must follow any policies ~~that~~ we establish from time to time governing a franchisee's right to engage in marketing or advertising outside of the franchisee's territory.

(c) Approval of Advertising. Prior to use, we must approve all advertising and ~~promotional~~marketing materials ~~that we~~ and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve ~~(including~~; and (ii) any materials we prepare~~d~~ or approve~~d~~ and you modify~~)~~.. We ~~will be deemed to have disapproved of~~ must also approve the ~~materials if we fail to issue our approval within 15 days after receipt.~~media you intend to use. You may not use any advertising materials, programs or media that we ~~disapprove (including materials we previously~~have not approved or that we approve and later disapprove~~). ~~. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within the 15-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an "Improvement" for purposes of §17.5.

(d) Social Media. You may ~~advertise and market~~promote your Academy using social media~~,~~ provided that:

(i) you only utilize ~~the~~ social media platforms we approve;

(ii) you strictly comply with our social media policy;

(iii) you immediately remove any post we disapprove (even if it complies with our social media policy);

(iv) you contract with and exclusively utilize any ~~supplier~~social media company we designate ~~for social media marketing services; and~~;

(v) ~~we will own the~~you provide us with full administrative rights to your social media ~~account but allow you to use it during the Term.~~accounts; and

(vi) we retain ownership of all social media accounts relating to your Academy.

(e) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not:

~~(~~) (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Academy (other than the microsite we provide), including any website bearing our Marks;

~~(~~) (ii) conduct digital or online advertising or marketing; or

~~(~~) (iii) engage in ecommerce.

If we grant our approval to maintain a website, you may do so provided that:

(i) you obtain our approval of: (a) the website's domain name (which we will own); (b) the website's design, layout and webpages; (c) all designs, artwork, graphics and images displayed on the website; (d) all content on the website (and all changes to the content); and (e) all uses and manner of display of our Marks;

(ii) your website conforms to all of our standards, specifications, policies, procedures and other requirements for websites, whether set forth in the Manual or otherwise;

(iii) your website does not include any material in which a third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which a third party may claim intellectual property rights);

(iv) you establish and implement a privacy policy that complies with applicable ~~l~~Law; and

(v) you include on your website, in the manner we require, all hyperlinks ~~or other~~ links ~~that~~ we require.

You will be solely responsible for all costs associated with the development, hosting and maintenance of the website. However, we will be the exclusive owner of: (a) the website and all of its content~~. We will also be the exclusive owner of~~; and (b) the website's domain name and associated URL.

~~12.~~11. OPERATING STANDARDS.

12.1.11.1. Generally. You ~~agree to~~must operate your Academy~~: (a) in a manner that will promote the goodwill of the Marks; and (b)~~ in full compliance with ~~our standards and all other terms of~~ this Agreement ~~and~~, the Manual and our standards in order to maintain the goodwill associated with the Marks.

12.2.11.2. Brand Standards Manual. You ~~agree to establish~~must develop and operate your Academy in ~~accordance~~strict compliance with the Manual. The Manual may contain, among other things:

~~(i) a description of the authorized goods and services you may offer and sell;~~

~~(b)~~(a) a description of classes and programs you may offer, including the associated ~~curriculum~~Curriculum and Teaching Methodology, and any other goods and services you may sell;

(b) ~~the~~a list of (i) goods and services (or specifications for goods and services) you must purchase to develop and operate your Academy and (ii) designated and approved suppliers;

(c) business forms you must use, including our designated form of enrollment agreement you must use to enroll students at your Academy;

(d) specifications, techniques, methods, operating procedures~~,~~ and quality standards ~~for products, services and procedures that we prescribe from time to time for Academies;~~ ; and

~~(i) reporting and insurance requirements;~~

~~(i) specifications for a Seashore Academy facility;~~

~~(i)~~ policies and procedures pertaining to: (i) reporting and data entry; (ii) accounting and bookkeeping; (iii) insurance; (iv) marketing and advertising;

~~(i) policies and procedures pertaining to gift card programs;~~

~~(i)~~(e) ~~policies relating to~~(v) data ownership, protection, sharing and use; and (vi) any other matters we deem appropriate.

~~(i) a list of (a) the goods and services (or specifications for goods and services) you must purchase to develop and operate your Academy and (b) any designated or approved suppliers for these goods or services.~~

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by ~~our franchisees.~~Academies. We can modify the Manual at any time. ~~The modifications will become~~Modifications are binding at the time we notify you of the ~~modification (~~change, subject to any "grace period" we provide to implement the change~~).~~. All mandatory provisions ~~contained~~ in the Manual (whether ~~they are~~ included now or in the future) are binding on you.

12.3.11.3. Authorized Goods and Services. You must offer all goods and services we require, including core classes as well as electives and enrichment programs. We may give you the option, but not the obligation, to offer certain designated programs (such as Summer Camp or tutoring)~~.~~, ~~O~~or we may make these programs mandatory. You must only utilize ~~the academic curriculum~~our designated Curriculum and Teaching Methodology. You may only utilize educational materials we provide or otherwise approve. You may not offer or conduct any classes, camps or programs or sell any goods or services that we have not approved. You may not offer any enrollment options we have not approved. You may not exceed any maximum teacher to student ratio we specify. Your class size may not exceed any maximum class size we specify. All classes, camps and programs must be conducted and held at your Academy. However, we may allow you to conduct exhibits, promotional events or similar activities from off-site locations within your Territory or within areas outside your Territory that are not assigned to us or another franchisee. At any time, we may change the goods and services you offer and sell and you must comply with any such change.

12.4.11.4. Enrollment Agreement. You must exclusively use the form of enrollment agreement we specify for purposes of enrolling students in your Academy. We strongly recommend you hire an attorney to review our form of enrollment agreement and advise you of any modifications that may be necessary to comply with local ~~l~~Law. You agree to notify us in writing of any such changes recommended by your attorney, which we will consider in good faith. You may not make any changes to our form of enrollment agreement without our prior written approval.

12.5.11.5. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

12.6.11.6. Pricing. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion~~. However, to the extent permitted by applicable law,~~; *provided, however*, that we may set maximum or minimum prices on the goods and services you ~~offer~~sell to the extent permitted by applicable Law.

12.7.11.7. Suppliers and Purchasing. You ~~agree to~~must purchase or lease all products, supplies, equipment, services and other items specified in the Manual ~~from time to time. If required by the~~. The Manual~~,~~ may require that you ~~agree to~~ purchase certain goods and services only from suppliers ~~designated~~we designate or ~~approved by us (which~~approve. These suppliers may include~~,~~ (or be limited exclusively to~~,~~) us or our affiliate~~). You acknowledge that our~~. Our right to specify the suppliers ~~that~~ you ~~may~~ use is necessary ~~and desirable~~ so ~~that~~ we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ~~ongoing~~ operation of Academies, ~~maintain the confidentiality of~~ protect our trade secrets, ~~obtain discounted prices for our franchisees if we choose to do so~~negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the ~~System and the~~ Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or

approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates or other ~~financial~~ consideration from ~~these~~ suppliers based ~~upon franchisee~~ on your purchases~~,~~ we have no obligation to pass ~~these amounts on~~ them through to you or ~~to~~ use them for ~~your benefit.~~any particular purpose. If you ~~want~~wish for us to approve a supplier ~~that you propose~~, you must send us a ~~written notice~~request for approval specifying the supplier's name and qualifications and provide ~~any~~all additional information ~~that~~ we request. We will approve or reject your request within 30 days after we receive your ~~notice~~request and all ~~additional~~ information ~~(~~and samples~~)~~ we require. You must reimburse us for all costs and expenses we incur ~~in reviewing a proposed supplier within 10 days after invoicing~~to review suppliers or products you propose.

12.8.11.8. Equipment Maintenance and Changes. You ~~agree to~~must maintain ~~all of~~ your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. ~~We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe~~We may require that you change your equipment from time to time.

12.9.11.9. Technology Systems.

(a) Generally. ~~You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, point of sale system, webcam systems, telecommunications systems, security systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the "Technology Systems"). The~~You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose ~~that~~ we deem appropriate. We may require that you~~, at your expense,~~ acquire new or substitute Technology Systems~~,~~ and/or replace, upgrade or update existing Technology Systems~~,~~ at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure ~~that~~ your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to ~~enable~~provide us ~~to have~~with independent and unlimited access to ~~the operational~~ data collected through your Technology Systems, including ~~information regarding your~~ Gross ~~Sales~~Revenue data for purposes of calculating fees owed. Upon ~~our~~ request, including upon termination or expiration of this Agreement, you ~~agree to~~must provide us with the user IDs and passwords for your Technology Systems~~, including upon termination or expiration of this Agreement~~.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon ~~our~~ request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Email Accounts. We may, but need not, provide you with one or more email addresses for use with your Academy. We may charge you our then-current fee for each email address we provide (this fee is added to the technology fee described in §11.9(e) below). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Academy. You may not use them for any purpose unrelated to your Academy. We own the email addresses and accounts but allow you to use them during the Term.

(d)(e) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will ~~become part of our System.~~be licensed to Academies. If this occurs~~: (i),~~ you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon ~~our~~ request, ~~you agree to~~ enter into a license agreement with us (or our affiliate) in a form ~~that~~ we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. ~~We also reserve the right to~~We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and ~~then~~ charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services ~~provided by the suppliers~~. The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or ~~the~~ prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts ~~that~~ you pay directly to third-party suppliers ~~for any component of the Technology Systems.~~. The technology fee is due 10 days after invoicing or as we otherwise ~~specified by us from time to time~~specify. We will list the current technology fee in the Manual.

12.10.11.10. ~~Remodeling and~~ Maintenance. ~~You agree to remodel and make all improvements and alterations to your Academy's facility that we reasonably require from time to time to reflect our then-current standards and specifications. We will not require that you spend more than $30,000 on remodeling during any 10-year period. However, there is no limitation on the cost of any remodeling we require as a condition to you renewing or transferring your franchise. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we need not approve any proposed remodeling or alteration if the same would not conform to our then current standards and specifications. You agree to maintain your Academy in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Academy's premises at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Academy's premises as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.~~

12.11. ~~Gift Card Programs.~~ ~~We may require that you participate in a gift card program in accordance with our policies and procedures. In order to participate, you may be required to purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a gift card program, we have the right to determine how the proceeds from the sale of gift cards will be divided or otherwise~~

~~accounted for, and we reserve the right to retain the amount of any unredeemed gift cards. You agree to comply with all policies and procedures that we specify from time to time relating to customers who purchase a gift card at one Academy and redeem products or services from one or more other Academies. We may implement new software and/or Apps to monitor sales and allocate payments to the Academy where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the proceeds from gift card sales be deposited into a trust account we control. You may not sell any gift cards or gift certificates other than those designated or approved by us. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.~~

. You must maintain your Academy in good order and condition, reasonable wear and tear excepted, and make all necessary repairs at your sole expense.

12.12.11.11. Hours of Operation. Your Academy must be open during the minimum days and hours of operation ~~we specify~~set forth in the Manual ~~from time~~, subject to ~~time.~~any conflicting requirements in your lease or imposed by Law. You must establish specific hours of operation and submit ~~those hours~~them to us for approval. You may not change your hours of operation without obtaining our prior approval.

12.13.~~Customer Complaints.~~Standards of Service and Professionalism. You and your staff must provide prompt, courteous, friendly and efficient service and ensure all interactions with students and their families are conducted in a professional and ethical manner. If you receive a complaint from a student or ~~the family of a student~~parent, you must follow the complaint resolution process ~~that~~ we specify to protect the goodwill associated with the Marks. You must also treat your employees and our staff with honesty and respect. You understand that your breach of this Section may significantly damage the goodwill associated with our Marks.

12.14.11.13. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the ~~System~~brand and the goodwill associated with the Marks. If we notify you of a ~~failure to comply with~~breach of our standards or operating procedures (including~~, without limitation,~~ failure to ~~provide~~submit required reports in a timely manner) and you fail to correct the ~~non-compliance~~noncompliance within the period of time ~~that~~ we ~~require~~prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a ~~fine~~noncompliance fee of ~~up to $500~~$150 per occurrence. We may impose an additional ~~fine for~~$150 fee every 48 hours ~~that~~ the same ~~non-compliance~~noncompliance issue remains uncured ~~following our imposition of~~after we impose the initial ~~fine~~fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §20.2 if the default continues after we collect these amounts.

13.12. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions ~~to improve the System, including~~on matters such as curriculum development, teaching materials, marketing, technology or operations ~~and new product or service suggestions.~~. We ~~will~~ consider all suggestions ~~from the advisory council~~ in good faith~~,~~ but ~~we~~ are not bound by ~~any such suggestions.~~them. The council ~~will~~would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives ~~who will~~to communicate with us on matters raised by the council. You ~~will~~would have the right to be a ~~member of the~~ council member as long as you ~~are not in default under~~comply with this Agreement and ~~you~~ do not act in a disruptive, abusive or counter-productive manner~~, as determined by us in our discretion.~~. As a member, you ~~will~~would be entitled to all voting rights and privileges granted to other council members ~~of the council.~~. Each member ~~will be granted~~would have one vote on all matters on which members are authorized to vote.

~~14.~~13. FEES

14.1.13.1. Initial Franchise Fee. You agree to pay us ~~a $55,000~~an initial franchise fee in the amount set forth in Part D of ATTACHMENT "A" in one lump sum at the time you sign this Agreement ~~(or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us).~~. The initial franchise fee is fully earned by us and ~~non-refundable~~nonrefundable once this Agreement ~~has been~~is signed.

14.2.13.2. ~~Royalty~~Enrollment Fee. ~~On the 5th day of each month, you agree to pay us a royalty fee equal to 8% of your Gross Sales generated during the prior month.~~

. For each student that enrolls in your Academy, you must pay us an annual Enrollment Fee of $1,995 per student per year. The first Enrollment Fee for a given student is due on the date the student enrolls at your Academy. Subsequent installments are due on each anniversary of the student's enrollment date. You owe us the full $1,995 Enrollment Fee for each 12-month period that a student is enrolled in your Academy, regardless of whether the student continues to attend classes or cancels their enrollment during such 12-month period.

14.3.13.3. Other Fees and Payments. You ~~agree to~~must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in ~~this Section~~ §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based ~~up~~on goods or services ~~that~~ you sell or ~~based upon~~ goods or services ~~that~~ we furnish to you ~~(other than~~, excluding income taxes ~~that we pay~~imposed on us based on ~~amounts that~~fees you pay us under this Agreement~~).~~.

14.4.13.4. Due Date & Late Fee~~.~~. Payments are due 10 days after invoicing unless otherwise specified. If any sum~~s~~ due under this Agreement ha~~ve~~s not been received by us when due ~~(~~or there are insufficient funds in your Account to cover ~~any sums owed to us~~the sum when due~~),~~ then~~,~~ in addition to ~~those sums,~~this sum you must pay us $100 plus default interest on the amount~~s~~ past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis~~),~~) or the highest rate permitted by ~~your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you.~~applicable Law. We will not impose a late fee for any amount~~s~~ paid pursuant to ~~Section~~ §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the ~~payments at the time the payments became~~payment when due ~~and payable. However, we may impose a late fee for any amounts~~; *~~provided, however~~*, that if we are unable to ~~reasonably~~ determine the amount due to your failure to ~~furnish us with a report required by Section 15.3 within the required period of time or~~ record sales or submit Gross Revenue reports in a timely manner, ~~in which case~~ we may assess a late fee on the entire amount that was due ~~and payable~~. This ~~Section~~ §13.4 shall not constitute our agreement to accept late payments ~~after their due date~~ or ~~to~~ extend credit to you.

14.5.13.5. Method of Payment. No later than 15 days after the Effective Date, ~~Before opening~~ you must send us a completed and ~~fully~~ executed ACH Agreement~~. We will~~ authorizing us to electronically debit ~~the banking account that you designate (the "~~your designated Account~~")~~ for all amounts owed to us and our affiliates ~~(other than the initial franchise fee)~~ on the applicable due date~~.~~, excluding any amounts due within 15 days after the Effective Date. You must sign ~~any~~all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all ~~revenues that you generate~~Gross Revenue into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts ~~that~~ you owe will be payable upon demand, together with any late ~~charge~~fee imposed pursuant to ~~Section~~ §13.4. We may also impose a $75 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

13.6. CPI Adjustment. We reserve the right to periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date we implemented the

last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

~~15.~~14. BRAND PROTECTION COVENANTS.

15.1.14.1. Reason for Covenants. ~~You acknowledge that the~~The Intellectual Property ~~and the~~, training and assistance ~~that~~ we provide would not be acquired except through implementation of this Agreement. You ~~also acknowledge~~agree that competition by you, the Owners or ~~p~~Persons associated with you or the Owners (including family members) could seriously jeopardize ~~the entire~~our franchise system because you and the Owners ~~have~~ received an advantage through knowledge of our day-to-day operations and Know-how ~~related to the System. Accordingly, you~~. You and the Owners agree to comply with the covenants ~~described~~ in ~~this Section~~§14 to protect the Intellectual Property and our franchise system.

15.2. ~~Our Know-how~~Intellectual Property and Confidential Information. You and the Owners agree to:

~~(i)~~ (a) refrain from using ~~the Know-how~~any Intellectual Property or Confidential Information in any business or ~~capacity~~for any purpose other than the operation of your Academy pursuant to this Agreement;

~~(ii)~~ (b) maintain the confidentiality of ~~the Know-how~~all Confidential Information at all times;

~~(iii)~~ (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all ~~reasonable~~ steps we reasonably require to prevent unauthorized use or disclosure of ~~Know-how;~~

~~(iv) refrain from making unauthorized copies of documents containing any Know-how~~Confidential Information; and

(e) stop using the ~~Know-how~~Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the ~~Know-how~~Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

15.3.14.3. Unfair Competition ~~During Term~~. You and ~~your~~the Owners ~~agree~~may not ~~to unfairly compete with us during the Term by engaging in any of the following activities ("Prohibited Activities"): (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (b) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (c) inducing any student enrolled in an Academy, or inducing the family of any student enrolled in an Academy, to transfer their business to a competitor.~~

15.4. ~~Unfair Competition After Term~~. ~~You and your Owners agree not to~~ engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period~~, other than having an interest in a Competitive~~ as long as the Competing Business ~~that~~ is

not located within, and does not provide competitive goods or services to students who reside within, the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitiveng Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5.14.4. Family Members. The Owners acknowledge they Because (a) an Owner could circumvent the purposeintent of Section 14§14 by disclosing Know-howConfidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). The Owners also acknowledge) and (b) it would be difficult for us to prove whether theythe Owner disclosed the Know-howConfidential Information to the family members. Thereforemember, each Owner agrees that he or she will be presumed to have violated the terms of Section 14§14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses the Know-how.Confidential Information. However, the Owner may rebut this presumption by furnishingwith evidence conclusively showing the Ownerhe or she did not disclose Know-howConfidential Information to the family member.

15.6.14.5. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other pPersons associated with you or your Business who may have access to our Know-how, and who are not required to sign a Brand Protection Agreement, sign and send us a Confidentiality Agreement before havingthey are given access to our Know-howany Confidential Information. You must: (a) use your best efforts to ensure that these individuals comply with the terms of the Brand Protection Agreements and Confidentiality Agreements, as applicable, and you must; (b) immediately notify us of any breach that comes to your attention. You agree to; and (c) reimburse us for all reasonable expenses we incur in enforcingto enforce a Brand Protection Agreement or Confidentiality Agreement, as applicable, including reasonable attorneys' fees and court costs.

15.7.14.6. Covenants Reasonable. You and the Owners acknowledge and agree that: (a) the terms of this Agreementcovenants in §14 are reasonable both in timeduration and in scope of geographic areascope; (b) our use and enforcement of covenants similar to those described abovecovenants with respect to other franchisees benefits you and the Owners in that it prevents othersby preventing them from unfairly competing with your Academy; and (c) you and the Owners have sufficient resources and, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 14 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**covenants in §14.

15.8.14.7. Breach of Covenants. You and the Owners agree that failure to comply with the terms: (a) any breach of this Section 14§14 is likely to cause substantial and irreparable damage to us and/or our other franchisees for which there is no adequate remedy at law. Therefore, you Law; and the Owners agree that any violation of the terms of this Section 14 will entitle us(b) we are entitled to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to if you or an Owner breaches §14, together with any other relief available at equity or law, and your sole remedy in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires the filing ofthat we post a bond notwithstanding the preceding sentence, the parties agree the amount ofdespite our mutual agreement to the contrary, the bond shallamount may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at lLaw or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 14.

~~16.~~15. YOUR OTHER RESPONSIBILITIES

16.1.15.1. Insurance. For your protection and ours, you agree to ~~purchase and~~ maintain the following insurance policies:

Policy Type	Minimum Coverage
~~"All risk" Property Insurance~~	~~Replacement Value~~
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Professional Liability Insurance	$1,000,000 per occurrence and $1,000,000 in the aggregate
Automobile Liability Insurance (only required if you transport students)	$1,000,000 per occurrence and $1,000,000 in the aggregate
Sexual Abuse/Molestation Insurance	$~~25~~100,000 per occurrence and $~~50~~300,000 in the aggregate
Commercial Umbrella Insurance ~~(only required if you transport students)~~	$~~5~~2,000,000 per occurrence and $~~5~~2,000,000 in the aggregate (if you do not transport students)
	$5,000,000 per occurrence and $5,000,000 in the aggregate (if you transport students)
Business Interruption Insurance	At least 12 months
Employer's Liability Insurance	$1,000,000 per occurrence
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

~~The details regarding the required insurance policies are set forth in the Manual.~~ You ~~agree to~~must provide us with proof of coverage: (a) prior to opening~~,~~; (b) within 10 days ~~of any~~after the renewal of a policy~~,~~; and (c) at any other time on demand. You ~~agree to~~must obtain these ~~insurance~~ policies from licensed insurance carriers rated ~~"~~A~~+"~~ or better by ~~Alfred M.~~AM Best ~~& Company, Inc.~~. Your policies must comply with all requirements in the Manual and ~~that are licensed and admitted in the state in which your Academy is located. All insurance policies must~~ be endorsed to: (a) name us ~~(~~and our members, officers, directors, and employees~~)~~ as additional insureds; (b) ~~contain a waiver by the insurance carrier of~~waive all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any ~~of your policies fail~~policy fails to meet th~~i~~es~~e~~ criteria, ~~then~~ we may disapprove the policy and you must immediately ~~find additional coverage with an alternative carrier satisfactory to us.~~secure a new policy meeting our criteria. Upon 10 days' notice ~~to you~~, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance~~, including excess liability (umbrella) insurance,~~ due to ~~reflect~~ inflation, ~~identification of~~ special risks, changes in ~~l~~Law or standards ~~or~~of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain ~~any~~a required ~~insurance coverage~~policy, we ~~have the right to~~may, at our option, obtain the ~~coverage~~policy on your behalf ~~(which right shall be at our option and in addition to our other rights and remedies in this Agreement), and~~. If we do so, you must promptly sign ~~all applications and~~any application or other ~~forms and instruments~~form required to obtain the ~~insurance~~policy and ~~pay to~~reimburse us~~, within 10 days after invoicing,~~ for all premiums and other costs ~~and premiums that~~ we incur.

16.2.15.2. Books and Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must maintain, and upon our request furnish to us by email or mail a written list of all of your students and their parents. You must send us copies of your books and records within seven (7) days of our request.

16.3.15.3. Reports. ~~No later than the 5th day of each month, you must prepare and provide to us monthly statements of: (a) your Gross Sales and expenses for the prior month's operations; and (b) your expenditures on local advertising required by Section 10.3 incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports we require in the form and manner we specify. You agree to send us a copy of any report required by this Section upon request. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based upon the Gross Sales previously reported. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business.~~

(a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Revenue reports.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Academy. You must send us the report within 60 days after the opening date of your Academy.

(c) Gross Revenue Reports. No later than the fifth (5th) day of each month, you must prepare and send us a monthly statement of your Gross Revenue for the prior month. If you miscalculate Gross Revenue, you must notify us of the error no later than the end of the next Gross Revenue reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Revenue.

(d) Advertising Expenditure Reports. No later than the fifth (5th) day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(a). All advertising expenditure reports must include copies of receipts for the reported expenditures.

16.4.15.4. Financial Statements. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet ~~for your Business~~ (as of the end of the calendar year) and ~~an annual statement of~~ profit and loss ~~and source and application of funds. All financial~~statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format ~~that~~ we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant~~, although we will not require audited financial statements unless~~ if you ~~have previously submitted~~submit materially inaccurate financial statements on ~~one or more~~a prior occasion~~s~~. You ~~agree to~~must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose ~~the financial statements, reports, and operating data~~Operational Data to prospective franchisees, ~~regulatory agencies and others at our discretion~~Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable ~~l~~Law.

16.5.15.5. Legal Compliance. You must: (a) secure and maintain ~~in force~~ all required licenses, permits and regulatory approvals ~~for the operation of your Academy and~~; (b) operate your Academy in ~~full~~ compliance with all applicable ~~laws, ordinances, rules and regulations. You must comply with all applicable~~ Laws, including child protection ~~laws, including conducting~~Laws requiring you to conduct background and criminal record~~s~~ checks on ~~all of your~~Owners and staff members who may interact with children and report~~ing~~ evidence of child abuse or neglect to the proper authorities~~. You must~~); (c)

notify us in writing within two (2) business days ~~of the beginning~~after you become aware of any ~~action, suit, investigation~~Claim, or ~~proceeding, or of the issuance of~~ any order, ~~writ, injunction,~~ demand or disciplinary action~~, award or decree of any court, agency or other governmental instrumentality, which~~ issued by a Governmental Authority, that may adversely affect the operation of your Academy ~~or your financial condition. You must~~; and (d) immediately ~~deliver to~~send us a copy of any inspection report~~, warning, certificate or rating by any governmental agency involving any~~ or other communication from a Governmental Authority alleging violation of a health or safety ~~law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.~~ Law.

16.6.15.6. Ownership and Protection of Data. We are the exclusive owner of all ~~data~~Business Data collected ~~pertaining to your students and their families and the operation of your Academy.~~by you, us or any other Person. We hereby grant you a license to utilize ~~such data~~the Business Data solely for purposes of operating your Academy in compliance with this Agreement. We may require you to share Operational Data with suppliers we designate for purposes of measuring, consolidating, benchmarking and ranking certain performance metrics. We may use this data to help us identify areas for improvement and formulate an appropriate and effective strategy to address these issues and improve your operations. We may share your Operational Data with other franchisees and Governmental Authorities at our discretion. You must protect all ~~personal data~~Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy ~~l~~Laws with respect to data~~,~~ which, if compromised, could have a negative impact on our image or consumer confidence. You ~~agree: (a) to~~must comply with all applicable data protection ~~laws as well as~~ Laws and our data processing and data privacy policies ~~as set forth~~ in the Manual ~~from time to time; and (b) upon~~(if any). Upon our request, ~~to~~you must sign any data processing ~~and/~~or data privacy agreement required by ~~any applicable data protection law~~ us or ~~otherwise required~~ by ~~us (including, but not limited to, any Joint Controllers Data Processing Agreement).~~Law. You further agree to:

~~(i)~~ (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

~~(ii)~~ (b) establish appropriate administrative, technical and physical controls consistent with ~~l~~Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that ~~it stores, processes, transmits,~~you store, process, transmit or come~~s~~ in contact with;

~~(iii)~~ (c) promptly notify us if you suspect ~~that~~ there is, or has been, a security breach or potential compromise of any such credit card information;

(d) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and (e) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

~~(iv) promptly notify us of any noncompliance PCI-DSS requirements to discuss your remediation efforts and timeline.~~

~~We may require that you share your operational data with third-party suppliers for purposes of measuring, consolidating, benchmarking and ranking certain performance metrics. We may use this data to help us identify areas for improvement and formulate an appropriate and effective strategy to address these issues and improve your operations. We may share your operational data with other franchisees at our discretion.~~

~~17.~~16. INSPECTION AND AUDIT

17.1.16.1. Inspections. ~~To~~For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Academy, evaluate your operations and inspect ~~or examine~~ your books, records, accounts and tax returns. ~~Our evaluation~~We will determine the scope of the inspection, which may include, among other things, watching or participating in classes and speaking

with your managers, teachers, students and landlord. We may conduct ~~the inspection~~inspections at any time ~~and~~ without prior notice~~.~~ (if you operate a Traditional Academy) or upon 24 hours' prior notice (if you operate a Home-Based Academy). During~~ the course of~~ the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Academy~~, and you~~. You and your employees ~~will~~must cooperate and not interfere with the inspection. You consent to us accessing your ~~computer system~~ Technology Systems and retrieving any ~~data~~Business Data we deem appropriate ~~in connection with the~~. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied a: (a) health or safety issue identified by a Governmental Authority; or (b) breach of system standards we bring to your attention. We bear the cost of all other inspections.

17.2.16.2. Audit. We ~~have the right, at any time, to have an independent~~may audit ~~made of~~ your books and ~~financial~~ records at any time. You must fully cooperate with us and any ~~third parties~~Person we hire to conduct the audit. If an audit reveals an understatement of any amount owed to us, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to ~~Section 13.4. Each audit will be performed at our cost unless the audit~~§13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of any amount ~~due to us by at least two percent (2%), in which case you must reimburse us for the cost of the audit or inspection, including all reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing.~~owed to us by at least 2%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement~~s~~ of our audit costs.

~~18.~~17. INTELLECTUAL PROPERTY

18.1.17.1. Ownership and Use ~~of Intellectual Property~~. You acknowledge that: (a) we are (or our affiliate~~)~~ is) the ~~sole and~~ exclusive owner of the Intellectual Property and the ~~goodwill~~ associated ~~with the Marks~~goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license ~~granted by us~~ to operate your Academy during the Term pursuant to, and only in compliance with, this Agreement~~,~~ and the Manual~~, and all applicable standards, specifications and operating procedures we prescribe from time to time~~. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You ~~agree to~~must comply with all provisions ~~of~~in the Manual governing ~~your~~ use of the Intellectual Property. ~~This Agreement does~~You will not ~~confer to you~~acquire any goodwill, title or interest in ~~any of~~or to the Intellectual Property.

18.2.17.2. Changes to Intellectual Property. We ~~have the right to modify~~may change the Intellectual Property at any time in our sole discretion, including ~~by changing~~the Copyrighted Materials, Know-how (including the Curriculum and Teaching Methodology) and/or Marks~~, the System, the~~. You must, at your expense, implement all ~~Copyrights or the Know-how. If we modify or discontinue use of any~~ Intellectual Property~~, you must comply~~ changes we require in accordance with ~~any such~~our instructions ~~from us within 30 days at your expense.~~ We ~~will~~are not ~~be~~ liable ~~to you~~ for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) ~~because of any addition, modification, substitution or discontinuation of the Intellectual Property.~~due to a change to the Intellectual Property. Notwithstanding the foregoing, if we allow you to operate under an approved Academy Tradename, we will not require you to change the Academy Tradename once it has been approved unless it infringes on the rights of a third party.

18.3.17.3. Use of Marks. You agree to: (a) use the Marks as the sole identification of your Academy; *provided, however*, that you must identify yourself as the independent owner of your ~~Business~~Academy in the manner we prescribe~~. You may not use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (a~~; (b) prominently display

the Marks in the manner we prescribe on or in connection with any ~~media~~ advertising, promotional materials, ~~posters,~~ displays, receipts, stationery and forms ~~that~~ we designate to give notice of trademark and service mark registrations and copyrights; and (~~b~~c) obtain any fictitious or assumed name registrations required by applicable ~~law. You may not~~ Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks ~~in~~when signing ~~any~~a contract, lease, check~~, negotiable instrument~~ or other agreement or in any other manner ~~likely to confuse~~that may cause confusion or ~~result in liability to us~~ imply we are liable for ~~any indebtedness or obligation of yours.~~your obligations; (c) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks. This §17.3 shall not apply if we authorize your to operate under an Academy Tradename except to the extent we allow (or require) you to also use any of our Marks.

18.4.17.4. Use of Know-how. We ~~will~~ disclose ~~the~~our proprietary Know-how to you ~~in the initial~~during training ~~program,~~programs, in the Manual~~,~~ and ~~in~~through other guidance furnished ~~to you~~ during the Term. You ~~will~~do not acquire any interest in the Know-how other than the right to utilize it ~~in strict accordance with the terms of this Agreement. You acknowledge the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Business~~, during the Term, solely for purposes of developing and operating your Academy in compliance with this Agreement and the Manual.

18.5.17.5. Improvements. If you ~~conceive~~, an Owner or your employee conceives of or ~~develop any improvements or additions to the method of operation, techniques, procedures, advertising, marketing, products or services offered or utilized by an Academy (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosure to others.~~develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement~~s~~. Any Improvement we approve may be used by us and any third parties we authorize to operate an Academy, without any obligation to pay ~~you~~ royalties or other fees~~. You must~~ to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to ~~any such~~the Improvement, including the right to grant sublicenses. In return, we will authorize you to use ~~any~~ Improvements ~~we or~~developed by other ~~franchisees develop~~Persons that we ~~authorize~~approve for ~~general~~ use in connection with the operation of an Academy. Notwithstanding the foregoing, we will not be deemed to own any rights to an Academy Tradename that we propose and we approve.

17.6. ~~Notification of~~ IP Disputes~~Infringements and Claims~~. You must immediately notify us of any~~: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any person of any rights in the Intellectual Property.~~IP Dispute. You may not communicate with any ~~p~~Person other than us and our counsel in connection with any ~~such infringement, challenge or claim.~~IP Dispute. We ~~will~~ have sole discretion in deciding what action, if any, to take ~~such action as we deem appropriate.~~in response to the IP Dispute. We ~~have the right to~~may exclusively control any litigation~~, Patent and Trademark Office~~ or other proceeding~~, or other proceeding arising out of any such infringement, challenge or claim. You agree to~~ relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that ~~may~~are, in ~~the~~our counsel's opinion ~~of our counsel, be~~, necessary or advisable to protect or maintain our interest in ~~any such~~the litigation or proceeding and/or protect ~~our rights to~~ the Intellectual Property.

19.18. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~they incur as a result of or in connection with ~~any of the following~~:

(a) the development, marketing, use or operation of your ~~Business~~Academy;

(b) the breach of ~~this~~a Definitive Agreement ~~or any related agreement~~ committed by you or ~~any of~~ your Owners or affiliates;

(c) the breach of an agreement with a third party committed by you or your Owners or affiliates;

(d) any Claim alleging that an Academy Tradename you propose and we approve infringes on another Person's intellectual property rights;

~~(c)~~(e) any Claim relating to taxes or penalties ~~assessed by any governmental entity~~a Governmental Authority assesses against us ~~that are directly related to~~as a direct result of your failure to pay or perform functions required of you under this Agreement;

(f) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding our Curriculum, our education program, an Academy or an Indemnified Party;

~~(d)~~(g) any labor, employment or similar type of Claim pertaining to your employees~~,~~ (including ~~e~~Claims alleging we are a joint employer of your employees~~;~~) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or

~~(i)~~ any actions, investigations, rulings or proceedings conducted by any ~~state or federal agency relating to your employees, including, without limitation,~~ Governmental Authority (including the United States Department of Labor, ~~the~~ Equal Employment Opportunity Commission ~~and the~~or National Labor Relations Board~~; and~~

~~(e)~~(h) ~~any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging we are an employer of you and/or any of your Owners.~~) relating to your employees.

You and your Owners must immediately notify us of any ~~action, suit,~~Claim or proceeding~~, claim, demand, inquiry or investigation~~ described above. The Indemnified Parties ~~shall~~ have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle ~~such~~the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of ~~any such~~the Claim~~. You must~~ and reimburse ~~the Indemnified Parties~~them for all ~~of their~~ costs and expenses they incur in defending ~~any such~~the Claim, including, without limitation, mediation, arbitration or court ~~costs and reasonable attorneys' fees, within 10 days of receipt of each invoice enumerating such costs,~~ expenses, expert fees and ~~attorneys' fees~~Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. Your indemnification obligations shall continue in full force and effect after, and notwithstanding, the Transfer, termination or expiration of this Agreement.

Provided that you are ~~not~~ in ~~default under this Agreement or any other agreement~~full compliance with ~~us~~all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~they incur as a result of or in connection with any Claim asserted against you and/or your Owners ~~based upon the violation of any third party's intellectual property rights caused by~~alleging that your use of ~~our Marks~~the Mark SEASHORE ACADEMY® (or the associated logo) in strict compliance with the terms of this Agreement and the Manual~~.~~ violates another Peron's intellectual property rights. You must promptly notify us of any such Claim and fully cooperate with ~~us in the~~our defense of ~~such~~the Claim.

~~20.~~19. TRANSFERS

20.1.19.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate ~~some or all of~~ our obligations under this Agreement to one or more ~~p~~Persons without assigning the Agreement.

20.2.19.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We ~~have granted the~~ are granting you franchise rights in reliance upon the ~~individual or collective~~ character, skill, ~~aptitude,~~ attitude, business ability and financial ~~capacity~~resources of you and your

Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior ~~written~~ approval. Any Transfer (other than a Permitted Transfer) without our approval ~~shall be~~is void and constitutes a breach of this Agreement. We will not unreasonably withhold ~~our~~ approval ~~of a Transfer~~ if all of the following conditions are satisfied:

(a) we believe the proposed transferee ~~is, in our opinion, an individual or group of individuals of good moral character who have~~has sufficient business experience, aptitude and financial resources to own and operate an Academy and ~~otherwise meet our then-applicable standards~~meets our minimum criteria for franchisees;

(b) you and your affiliates and Owners are in full compliance with ~~the terms of this Agreement and all other agreements with us and our affiliates~~Definitive Agreements;

(c) ~~all of~~ the transferee's owners ~~have~~ successfully complete~~d~~, or ma~~d~~ke arrangements to attend, the initial training program ~~(~~and the transferee ~~has paid~~pays us any applicable training fee ~~for each person who must attend training);~~;

(d) your landlord consents to ~~your~~the assignment of ~~the~~your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the ~~Site Selection Area;~~Territory (only required if you operate a Traditional Academy and lease the premises);

(e) the transferee and its owners~~, to the extent necessary, have obtained~~ obtain all licenses and permits required by applicable ~~I~~Law to own and operate the Academy;

(f) the transferee and its owners sign our then-current form of franchise agreement (unless we~~, in our sole discretion,~~ instruct you to assign this Agreement to the transferee~~),~~) except that: (~~a~~i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (~~b~~ii) the transferee need not pay a separate initial franchise fee;

(g) ~~you renovate and/or remodel the facility and~~ you or the transferee pay us a $2,500 transfer fee to defray expenses we incur in connection with the Transfer;

~~(g)~~(h) the transferee agrees to upgrade ~~your~~all furniture, fixtures and equipment to ~~comply with~~conform to our then-current standards and specifications (~~or you obtain a commitment from the transferee to do so~~these changes must be completed within ~~the~~12 months after the Transfer or such shorter period of time we ~~approve~~specify);

~~(i) you or the transferee pay us a $10,000 transfer fee to defray expenses we incur in connection with the Transfer;~~

~~(h)~~(i) you and your Owners sign a General Release ~~of all claims arising before or contemporaneously with the Transfer;~~; and

~~(ii) we do not elect to exercise our right of first refusal described in Section 19.5; and~~

~~(i)~~(j) you or the transferring Owner, as applicable, and the transferee ~~have satisfied any~~satisfy all other conditions we reasonably require as a condition to ~~our~~ approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any ~~c~~Claims we ~~may~~ have against the transferor~~, nor shall it be deemed a waiver of~~ or our right to demand ~~exact compliance~~the transferee comply with ~~any of the~~all terms ~~or conditions~~ of the franchise agreement ~~by the transferee~~.

20.3.19.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was ~~originally~~ the ~~franchisee under this Agreement~~Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require ~~in order~~ to secure ~~the~~ performance of the new ~~f~~Franchisee Entity's financial obligations under ~~this Agreement and~~ all ~~related agreements.~~Definitive Agreements. You and the Owners (and the transferee) ~~agree to~~must sign all

documents ~~that~~ we reasonably request to effectuate and document the Permitted Transfer.

19.4. Owner Death or Disability. Within ~~of~~180 days after an ~~Owner~~. ~~Upon the~~Owner's death or permanent disability ~~of an Owner~~, the Owner's ~~ownership interest~~Equity Interest in ~~you~~the Business or ~~the franchise, as applicable,~~Franchisee Entity must be ~~assigned~~Transferred to another ~~Owner~~Person in compliance with §19.2 or ~~to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 19.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an~~§19.3. An Owner is deemed to have a "permanent disability" only if ~~the person~~he/she has a medical or mental problem preventing ~~the person~~him/her from substantially complying with his ~~or~~ /her obligations under this Agreement or ~~otherwise~~ operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5. ~~Our Right of First Refusal.~~ ~~If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of Section 19.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.~~

~~21.~~20. TERMINATION

21.1.20.1. By You. You may terminate this Agreement if we ~~materially breach this Agreement and~~ fail to cure ~~the~~a material breach within 90 days after you send us a ~~written~~default notice specifying the nature of the breach. If you terminate ~~this Agreement,~~ pursuant to §20.1, you must still comply with your post-~~termination~~term obligations described in ~~Section~~ §21 (other than payment of liquidated damages) and all other obligations that survive the ~~expiration or~~ termination of this Agreement.

21.2.20.2. ~~Termination~~ By Us ~~Without Cure Period~~. We may~~, in our sole discretion,~~ terminate this Agreement, effective upon ~~five (5) days'~~delivery of a written notice~~, without opportunity~~ of termination to ~~cure~~you, for any of the following reasons, all of which constitute material events of default ~~under this Agreement~~and "good cause" for termination, and without opportunity to cure except as expressly set forth below:

~~(h) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;~~

~~(i) if you fail to obtain our approval of your site within the time period required by Sections 7.1;~~

~~(j)~~ if you ~~fail to open your Academy within the time period required by Section 7.4;~~

(a) ~~if you become~~are insolvent ~~by reason of~~due to your inability to pay your debts as they become due ~~or~~;

~~(a)~~(b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any ~~l~~Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(c) if your ~~Business~~Academy, or ~~a substantial portion~~substantially all of ~~the~~its assets ~~associated with~~

~~your Business~~, are seized~~,~~ by a Government Official or taken over or foreclosed ~~by a government official in the exercise of his or her duties, or seized, taken over or foreclosed~~ upon by a creditor, lienholder or lessor; ~~or~~

~~(b)~~(d) if a final judgment against you remains unsatisfied for 30 days ~~(~~unless a supersedes or other appeal bond has been filed~~); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy~~;

(e) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;

(f) if you fail to obtain our approval of your site, or you fail to open, before the associated deadlines set forth in §7.1 or §7.3, respectively;

~~(c)~~(g) if you abandon or fail to operate your Academy for three (3) consecutive business days~~,~~ unless ~~the failure is~~ due to ~~an event of force majeure~~Force Majeure (in which case §24.6 governs) or another reason we approve;

(h) if a ~~regulatory authority~~Governmental Authority suspends or revokes a license or permit ~~held by you or an Owner that is~~ required to lawfully operate the Academy~~, even~~ unless the suspension or revocation is overturned within 20 days thereafter;

~~(k) if you (or the~~an Owner ~~still maintain appeal rights;~~

(i) ~~if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is~~) (i) are subject to ~~any~~a material administrative disciplinary action or (~~c) fails~~ii) plead no contest to, or are convicted of, a felony or other material crime;

~~(d)~~(j) if you (or an Owner) fail to comply with ~~any~~a material ~~federal, state or local law or regulation~~Law applicable to your ~~Business~~Academy;

~~(e)~~(k) if you (or an Owner) commit~~s~~ an act that can reasonably be expected to materially and adversely affect the reputation ~~of the System or the~~or goodwill associated with the Marks;

~~(f)~~(l) if you ~~manage or~~ operate ~~your~~the Academy in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure within 24 hours after notice from us;

~~(g)~~(m) if you (or an Owner) make ~~any~~a material misrepresentation to us~~, whether occurring before or after being granted the franchise~~ at any time;

(n) if you underreport amounts owed to us by at least 2% on two (2) or more occasions;

~~(h)~~(o) if you fail to pay any amount owed to us ~~or an~~, our affiliate ~~of ours~~or an approved or designated supplier within 10 days after ~~receipt of a~~ demand for payment;

~~(l) if you underreport any amount owed to us by at least two percent (2%), after having already committed a similar breach that had been cured in accordance with Section 20.3;~~

~~(i)~~(p) ~~if you~~if you (or an Owner) make an unauthorized Transfer;

~~(j)~~(q) if you ~~make~~(or an ~~unauthorized~~Owner) use ~~of~~ the Intellectual Property in an unauthorized manner;

~~(k)~~(r) if you (or an Owner) breach any ~~of the~~ brand protection covenant~~s~~ described in ~~Section 14~~§14;

~~(l)~~(s) if an~~y~~ Owner~~,~~ (or their spouse ~~of any Owner,~~) breaches a Franchise Owner Agreement;

~~(m)~~(t) ~~if the~~ if you operate a Traditional Academy and your lease ~~for your premises~~ is terminated due to your default;

(u) if we send you ~~commit~~ three (3) or more ~~defaults during the Term;~~ default notices within a 12-month period (even if cured);

~~(m) if we~~ (or

~~(n) if we~~ our affiliate) terminate ~~any other agreement between~~a Definitive Agreement due to a default committed by you ~~and us~~ (or ~~if any affiliate of ours terminates any agreement between you and our affiliate due to~~ your ~~default (other than an area development agreement).~~

21.3. ~~**Additional Conditions of Termination**. In addition to our termination rights in Section 20.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you~~ affiliate) or an Owner ~~fail to comply with~~; or

(w) if you (or an Owner) breach any other provision of this Agreement (including any mandatory provision in the Manual) ~~or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30 day~~ and fail to cure within 30 days after receipt of a default notice ~~period.~~.

If we ~~deliver~~send you a default notice ~~of default to you pursuant to this Section 20.3,~~ we may ~~suspend performance of any of~~cease to perform our obligations under this Agreement until you ~~fully~~ cure the breach, unless our failure to perform would materially impair your ability to cure.

21.4.20.3. **By Mutual Agreement ~~to Terminate~~.** If you and we mutually agree in writing to terminate this Agreement, ~~you and we will~~any notice or cure period that might otherwise apply shall be deemed ~~to have~~ waived ~~any required notice period~~.

~~22.~~21. POST-TERM OBLIGATIONS.

22.1.21.1. **Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(a) immediately cease to use the Intellectual Property;

(b) pay us all amounts ~~that~~ you owe ~~us~~ (including ~~any~~, if applicable, liquidated damages ~~owed~~ pursuant to ~~Section 21.3, if applicable);~~§21.2;

(c) comply with all covenants ~~described~~ in ~~Section 14~~§14 that apply after the expiration, termination or Transfer of this Agreement or ~~the~~ disposal of an ~~ownership interest by an Owner~~Owner's entire Equity Interest in the Business or Franchisee Entity;

(d) comply with our instructions to return or destroy all copies of the Manual~~, or any portions thereof, as well as~~ (including the Curriculum) and Copyrighted Materials and all signs, ~~sign faces,~~ teaching materials, brochures, advertising and promotional materials, forms~~,~~ and ~~any~~ other materials bearing the Marks or containing ~~any of the Marks, Copyrights or other identification relating to an Academy, unless we allow you to transfer such items to an approved transferee;~~ Confidential Information;

(e) cancel all fictitious or assumed name registrations relating to your use of any of the Marks;

(f) comply with our data retention policies pertaining to the Business Data;

~~(f)~~(g) provide us with a list of all of your current, former and prospective students and the contact information for their parents~~:~~ (you acknowledge that the list of students, and all Customer Data, is owned by us and you may not use this data for any purpose after the franchise relationship ends);

~~(i)~~ assign all enrollment agreements to us ~~(unless we allow you to transfer those agreements to an approved transferee);~~

~~(g)~~(h) ~~alter the interior and exterior of the premises to the extent necessary (or to the extent we~~

require) to prevent any further resemblance to or connection with a Seashore Academy or our System, including, without limitation, repainting the exterior and interior with new colors, removing trade dress, fixtures and décor items associated with a Seashore Academy, removing all signage and discontinuing use of approved wall décor items and window decals; provided, however, that this subsection shall not apply if your Academy is transferred to an approved transferee or if we exercise our right to purchase your entire Business; designee;

(h)(i) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) thei) any telephone numbers and/or domain names, if applicable, related to the operation of associated with your BusinessAcademy; and (bii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agenciesforegoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agenciesthese companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(i)(j) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

22.2. Right to Purchase Facility and Assets Subsections (d), (h) and (i) above shall not apply if you Transfer your Academy to an approved transferee or we exercise our right to purchase your Academy. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity, but you continue to operate the Business pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (c) above.

22.3.1.1. Generally. Upon the termination or expiration of this Agreement, we have the option to purchase your Academy and/or its assets at fair market value. If we exercise this option, fair market value shall be determined as of the effective date of the termination or expiration of this Agreement (the "Appraisal Date"). We will notify you of the specific items we wish to purchase (the "Acquired Assets"). We may require you to assign your lease to us at no additional charge.

(a) Selecting Qualified Appraisers. Each party shall appoint an appraiser with experience appraising businesses comparable to an Academy in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either party fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each party appoints a Qualified Appraiser within the 30-day period, then within 30 days after that, the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.

(b) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Academy if less than three (3) years), together with the work papers and other financial data, documents or information that the Qualified Appraisers request. The Qualified Appraisers shall take into account the other information and factors they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(c) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because either party failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(d) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(e) Closing. Once the Appraised Value has been determined, we will have at least 60 additional days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts that you owe us or our affiliates under this Agreement or any other agreement (including liquidated damages, if applicable).

22.4.21.2. Liquidated Damages. In addition to any other claims we may have (other than claims for lost future royalty fees or brand fund contributions), if You must pay us liquidated damages if either: (a) we terminate this Agreement based ondue to your default; or if(b) you terminate this Agreement or cease operating in violation of its terms, you must pay us liquidated damages without cause or in any manner other than as permitted by §20.1 or §20.3. Liquidated damages are calculated as an amount equal to the greater of: (a1) $30,000; or (b2) the product of your Average Monthly Fees multiplied by the lesser of (ix) 36 months, or (iiy) the total number of full months remaining under the Term. " as of the termination effective date. Average Monthly Fees" means the sum of :

(i) the total **royalty fees**amount of Enrollment Fees and **brand fund contributions for**Brand Fund Fees imposed during the 12-month period **immediately** preceding termination, divided by 12. **I**(if your Academy **has been**was open **less than**at least 12 full months **as of the date of**prior to termination); or **cessation of operations, as applicable, then "Average Monthly Fees" means**

(ii) the total **royalty fees**amount of Enrollment Fees and **brand fund contributions for the period that begins on**Brand Fund Fees imposed between your opening date and **ends on** the **date of** termination **/ cessation of operations**date, divided by the total number of months **in the period. You acknowledge**between your opening date and **agree that the amount**the termination date (if your Academy was open less than 12 full months prior to termination).

Liquidated damages are due 30 days after we send you an invoice detailing our calculation of liquidated damages determined. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the preceding formula reasonably represents terms of this Agreement; or (b) any damages we or our monetary losses of royalty fees and brand fund contributions resulting from the terminationaffiliate incur as a result of your breach of this Agreement and ; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated

damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is ~~not a penalty.~~necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for financial damages we will incur as a result of your breach (or wrongful termination). If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.

23.22. DISPUTE RESOLUTION.

22.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §14, §17 and/or §21 (referred to as "Excluded Claims") will not be subject to mandatory negotiation or mediation.

22.2. Arbitration~~. Except as otherwise provided below, the parties agree to submit all claims, disputes and disagreements, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to arbitration.~~. If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the ~~d~~Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association ~~(the "AAA Rules").~~. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. ~~Notwithstanding the foregoing, any~~ Any Dispute involving ~~claims alleging a breach of Section 14 and/or Section 17 (referred to as "Excluded Claims")~~an Excluded Claim will not be subject to ~~mediation or~~mandatory arbitration unless ~~otherwise agreed to by~~ both parties~~. Either~~ agree.

22.3. Litigation. If a Dispute involves an Excluded Claim, then either party may ~~immediately~~ file a lawsuit in any state or federal court of general jurisdiction in accordance ~~with this Section with respect to any Excluded Claim. Notwithstanding this Section's incorporation~~the choice of ~~the AAA Rules, the~~venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than ~~an~~a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether ~~there are~~ any claims alleg~~ing~~e a breach of ~~Section 14 and/~~§14, §17 or ~~Section 17).~~§21).

22.4. Venue. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently~~,~~ Orange County, California~~) and the~~). The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.

22.5. Attorney's Fees and Costs. If ~~we or you~~either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party ~~will be~~is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees~~.~~ and arbitration costs. In addition,

if you or an Owner breach any term of ~~this~~a Definitive Agreement ~~or any other agreement with us or an affiliate of ours~~, you ~~agree to~~must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to ~~the~~ commencement of ~~any~~formal dispute resolution proceedings.

22.6. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF ~~SECTION 14~~§14, §17 OR ~~SECTION 17~~§21) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ~~ARB~~MEDI~~TR~~ATION ~~(~~OR ~~IF PERMITTED, LITIGATION~~FILING A LAWSUIT (FOR AN EXCLUDED CLAIM) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR ~~OCCURRENCE GIVING RISE TO~~OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS~~,~~ IN ANY ACTION, PROCEEDING OR COUNTERCLAIM~~, WHETHER AT LAW OR IN EQUITY,~~ BROUGHT BY ~~EITHER OF THE PARTIES~~A PARTY.

24.23. YOUR REPRESENTATIONS.

24.1.23.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any ~~governmental authority~~Governmental Authority; or (c) violate any applicable ~~l~~Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the ~~f~~Franchisee Entity is duly organized, validly existing and in good standing under the ~~l~~Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of ~~the franchisee Entity~~, and shall be enforceable against, the ~~f~~Franchisee Entity in accordance with its terms.

24.2.23.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

24.3.23.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

~~25.~~24. GENERAL PROVISIONS

25.1.24.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship ~~shall be~~are governed by the ~~laws of the State~~Laws of California ~~(~~without reference to its principles of conflicts of law~~),~~, but any ~~law of the State~~Law of California that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If your Academy is located outside of California, the public policies of the state in which your Academy is located shall

govern the enforceability of non-competition covenants notwithstanding the California choice of law provision set forth above.

25.2.24.2. Relationship of the Parties. Nothing in this Agreement creates a fiduciary relationship between ~~you and us~~the parties or is intended to make either party a general or special agent, legal representative, ~~subsidiary,~~ joint venture, partner, employee or servant of the other for any purpose. ~~During~~Throughout the Term~~,~~ you must ~~conspicuously identify yourself at your base of operations, and~~, in all dealings with third parties, conspicuously identify yourself as a franchisee ~~of ours~~ and the independent owner of your ~~Business. You agree to place any~~ Academy. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Academy that we specify. You must also include a written indication of independent ownership on all agreements, forms, ~~stationery~~letterhead, advertising materials, business cards and other materials that we ~~require~~specify. Neither party ~~is permitted to~~may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other~~,~~; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by ~~or have any liability under~~ any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3.24.3. Severability and Substitution. Each section~~, subsection, term and provision~~ of this Agreement~~,~~ (and ~~any~~each portion thereof~~,~~) shall be ~~considered~~ severable. If ~~any~~ applicable ~~and binding law~~Law imposes mandatory~~,~~ non-waivable terms ~~or conditions~~ that conflict with a provision of this Agreement, the terms ~~or conditions~~ required by such ~~l~~Law shall govern to the extent of the inconsistency ~~and supersede the conflicting provision of this Agreement.~~. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable ~~and~~or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~it enforceable.

25.4.24.4. Waivers. Each party may waive ~~or reduce~~ any obligation ~~of or restriction upon~~imposed on the other party in writing. ~~Any such waiver shall be without prejudice to any other rights the party may have.~~ Neither party shall be deemed to have waived or impaired any ~~right, power or option reserved by~~of its contractual rights under this Agreement ~~(~~, including the right to ~~demand exact~~require strict compliance with ~~every term, condition and covenant in this Agreement or to declare any breach~~all terms of this Agreement ~~to be a default and to~~ or terminate ~~the franchise before the expiration of its term)~~this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or ~~to insist upon exact compliance by~~require the other party to strictly comply with its obligations under this Agreement~~, including any mandatory specification, standard, or operating procedure~~; (c) ~~any~~our waiver, ~~forbearance, delay,~~ failure or ~~omission by us~~refusal to exercise any ~~right, power or option, whether~~ of ~~the same, similar or different nature, relating~~our rights with respect to other franchisees; or (d) our acceptance of ~~any~~ payments ~~due~~ from you after your breach ~~of this Agreement~~.

25.5.24.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval~~, and the~~. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

25.6.24.6. Force Majeure. Neither ~~we nor you~~party shall be liable for loss or damage or deemed to be in breach of this Agreement if ~~our or your~~such party's failure to perform ~~our or your~~its obligations results from an~~y~~ event of ~~force majeure. Any delay resulting from~~Force Majeure; *provided, however*, that an event of ~~force majeure will extend~~ Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance ~~accordingly or excuse performance, in whole or in part, as~~exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may ~~be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations~~

~~under~~immediately terminate this Agreement~~; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused~~ by ~~such epidemic or pandemic, except for any government-mandated closures of the Academy related to such epidemic or pandemic~~giving written notice of termination to the other party.

25.7.~~24.7.~~ Binding Effect. This Agreement is binding ~~up~~on the parties ~~to this Agreement~~hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any ~~person or legal entity~~Person not a party to this Agreement; *provided, however*, that the additional insureds listed in ~~Section~~ §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to ~~Section~~ §15.1 and ~~Section~~ §18, respectively.

25.8.~~24.8.~~ Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY ~~SECTION~~ §11.2 ~~AND SECTION 24.3~~ AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of ~~the~~a Site Approval Notice ~~attached hereto as ATTACHMENT "B"~~ shall be deemed to amend this Agreement to identify the approved site and Territory for your Academy, regardless of whether you countersign and/or return the Site Approval Notice. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which~~,~~ together with any Amendments or Addenda executed on or after the Effective Date~~,~~ constitutes the entire understanding and agreement of the parties~~, and there~~. There are no other oral or written understandings or agreements between ~~us and you~~the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. ~~This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain.~~ Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

25.9.~~24.9.~~ ~~Covenant of~~ Good Faith Covenant. If applicable ~~I~~Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations ~~that are~~ inconsistent with ~~a fair construction of~~ the express terms ~~of this~~hereof. This Agreement~~. Additionally, if applicable law implies the covenant, you agree that: (a) this Agreement (~~, and the relationship of the parties inherent in this Agreement~~),~~ grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests~~; (b) we~~. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees ~~(including ourselves and our affiliates if applicable),~~ but without considering ~~your individual interests or~~ the individual interests of you or any other ~~particular~~ franchisee~~; (c) we have no liability to you for the exercise of our discretion in this manner so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation may substitute its judgment for our judgment so exercised~~.

25.10.~~24.10.~~ Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by ~~l~~Law.

25.11.~~24.11.~~ Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement~~ (~~, or the Transfer of an ~~ownership interest~~Equity Interest in the ~~franchise)~~Business or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, ~~Section~~ §13, ~~Section~~ §14, ~~Section~~ §16, ~~Section~~ §18, ~~Section~~ §21, ~~Section~~ §22 and ~~Section 24~~§24.

25.12.~~24.12.~~ Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more ~~persons or an Entity~~Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13.~~24.13.~~ Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14.~~24.14.~~ Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

25.15.~~24.15.~~ Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: Freedom Learning, LLC
~~1300 Bristol Street N, Suite 100~~
2618 San Miguel Drive, #270
Newport Beach, California 92660
Attention: Chief Executive Officer
Email: Dandler@seashoreacademy.org

Notice shall be considered given ~~at~~on: (a) the dat~~im~~e delivered by hand~~,~~ or ~~one (1) business day after sending~~sent by email or comparable electronic system~~,~~ (including any notice that is also sent by mail); or (b) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Freedom Learning, LLC, a Wyoming limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

~~Name:~~ _____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

~~persons signing in their individual capacity? **Yes**: _____ **No**: _____~~

~~Type of Entity and State of Formation* (if applicable): [_____]~~

~~*~~ * *If the franchisee is a business ~~e~~Entity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business entity~~Franchisee Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~franchise (~~Business or ~~the franchisee business entity if~~Franchisee Entity, as applicable~~),~~ along with a description of their ~~ownership interest.~~ Equity Interest.

Owner's Name	% ~~Ownership~~Equity Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: ~~[_____]~~

_____

_____

_____

_____ Attention: _____

_____ Email: _____

B. Academy Name

You have elected to operate your Academy under the following name (franchisor to check box):

_____ SEASHORE ACADEMY®

_____ An Academy Tradename you select and we approve (complete the below)

If applicable, we hereby approve the following Academy Tradename for your Academy:

[_____]

By signing the below, the parties acknowledge and agree upon the Academy Tradename listed above (no signature needed if you choose to operate under the name SEASHORE ACADEMY®.

US:	**YOU:**
By:	By:
Name:	Name:
Date:	Date:

C. Franchise Model

You have elected to operate under the following model (franchisor to check box):

_____ Home-Based Academy

_____ Traditional Academy

D. Initial Franchise Fee

The amount of your initial franchise fee is as follows (franchisor to check box by appropriate amount):

_____ Standard Initial Franchise Fee: $11,995 (no discount)

_____ Veteran's Discount: $10,795 (10% discount)

_____ Manager / Teacher Discount: $10,195 (15% discount)

_____ Multi-Unit Discount (Academy 2+): $10,195 (15% discount))

E. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area: [_____]

* *The Site Selection Area is not your territory and there are no protections associated with this area.*

F. Approved Site

We hereby approve the site listed below for the operation of your Academy.

Approved Address: [_____]

* *If the site for your Academy has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

~~D~~G. Territory~~.~~

The Territory referenced in the Franchise Agreement ~~shall consist~~consists of, and shall be limited to, the following geographic area (as may be further depicted on ~~the~~a map attached ~~on~~below or the following page):

[_____]

If ~~there are any changes to the zip codes or other~~ the boundaries that define ~~your~~the Territory change during the ~~term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing~~Term, the boundaries of your Territory ~~shall~~will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the Effective Date ~~and~~(as may be depicted on ~~the~~a map attached below or on the following page~~.~~).

** If the site for your Academy has not been approved by us at the time this Agreement is signed, ~~then~~ we will send you a Site Approval Notice in accordance with ~~Section 3 that will identify~~§0 identifying the geographic area that comprises your Territory ~~and identify the total number of Qualifying Children within your Territory (as of the date that the Territory is determined~~).*

[Insert Map ~~Below~~ (if applicable)]

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

Freedom Learning, LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to _____ ("you"), effective _____, 202___, in connection with the Seashore Academy Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202___. The purpose of this Notice is to confirm our approval of the site you have proposed for your Academy premises and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to Section 7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Academy:

_____
_____
_____

Territory:

Pursuant to ~~Section~~ §0 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement (as may be further depicted on the map attached on the following page):

[_____]

Your territory includes [_____] Qualifying Children (as defined in the Franchise Agreement).

~~If there are any changes to~~ If the ~~zip codes or other~~ boundaries that define ~~your~~the Territory change during the ~~term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing~~Term, the boundaries of your Territory ~~shall~~will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the ~~Effective Date and~~date hereof (as may be depicted on ~~the~~a map attached below or on the following page~~.~~).

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed your approved site for your Academy established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you have proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates that the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph in this Notice, as the approved site for your Academy and Territory under the Franchise Agreement.

Franchisor	**Franchisee**
Freedom Learning, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Its:_____	Its:_____

Date: _____ Date: _____

~~**ATTACHMENT "C"**~~

~~**TO FRANCHISE AGREEMENT**~~

~~**LEASE ADDENDUM**~~

~~*[See Attached]*~~

Lease Addendum

This Agreement dated this ___ day of _____, 202__ among Freedom Learning, LLC, a Wyoming limited liability company, with principal offices at 1300 Bristol Street N, Suite 100, Newport Beach, California 92660 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Background

A. On _____, 202___, the Tenant/Franchisee and the Franchisor entered a Seashore Academy, Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a Seashore Academy education business (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to another Seashore Academy franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Seashore Academy franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in

accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (a) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (b) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

(a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

(b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

(c) The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

(d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Freedom Learning, LLC, a Wyoming limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____
_____

By:_____
Name:_____
Its:_____

~~EXHIBIT "A" TO LEASE ADDENDUM~~

~~DESCRIPTION OF PREMISES~~

~~ATTACHMENT "D"~~ATTACHMENT "C"

~~ATTACHMENT "E"~~ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Freedom Learning, LLC, a Wyoming limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

~~**1. Definitions.** For purposes of this Agreement, the following~~**DEFINITIONS**. Capitalized terms not defined above have the meanings given to them below~~:~~

~~*"Academy"* means a private education business that operates under the name Seashore Academy and uses our System.~~

~~*"Competitive Business"* means any supplemental education business operated from dedicated commercial space that is competitive with a Seashore Academy and (a) maintains homeschooling status, (b) offers flexible scheduling for students and (c) offers subjects that are similar to those offered at a Seashore Academy.~~

~~**2.**~~**1.** ~~*"Copyrights"* means all works and materials for which we~~, or ~~our affiliate has secured common law or registered copyright protection and that we allow Seashore Academy franchisees to use, sell or display~~ if not defined below, the meanings given to them in ~~connection with the marketing and/or operation of an Academy, whether now in existence or created in the future.~~the Franchise Agreement:

"*Franchise Agreement*" means the Seashore Academy Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

~~*"Franchised Business"* means the Academy operated by Franchisee pursuant to the Franchise Agreement.~~

~~*"Franchisee"* means _____.~~

~~*"Improvements"* means any additions, modifications or improvements to (a) the goods or services offered at an Academy, (b) the method of operation of an Academy or (c) any marketing or promotional ideas relating to an Academy, whether developed by you, Franchisee or any other person.~~

~~*"Intellectual Property"* means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements. *"Intellectual Property"* also includes all customer data collected by Franchisee or by us.~~

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

~~"*Manual*" means our confidential brand standards manual for the operation of an Academy.~~

~~*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Academy, including "Seashore Academy" and the related logos, and any other trademarks, service marks or trade names that we designate for use by an Academy. The term "*Marks*" also includes any distinctive trade dress used to identify an Academy, whether now in existence or hereafter created.~~

~~*"Prohibited Activities"* means any or all of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (c) inducing any student enrolled in an Academy, or inducing the family of any student enrolled in an Academy, to transfer their business to a competitor.~~

"*Franchisee*" means _____.

"*Restricted Period*" means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another ~~p~~Person with respect to whom neither you nor your spouse ~~holds~~own any direct or indirect ~~ownership interest~~Equity Interest; or (c) the date on which neither you ~~cease to be an owner of Franchisee or~~ nor your spouse ~~ceases to be an owner of~~own any Equity Interest in the Business or Franchisee~~, as applicable~~ Entity; *provided however*, that if a court of competent jurisdiction determines ~~that~~ this period of time is too long to be enforceable~~,~~ then ~~the "~~Restricted Period~~"~~ means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another ~~p~~Person with respect to whom neither you nor your spouse ~~holds~~own any direct or indirect ~~ownership interest~~Equity Interest; or (c) the date on which neither you ~~cease to be an owner of Franchisee or~~ nor your spouse ~~ceases to be an owner of~~own any Equity Interest in the Business or Franchisee~~, as applicable~~ Entity.

~~*"Restricted Territory"* means the geographic area within a 25-mile radius from Franchisee's Academy (and including the Academy's premises itself); provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10-mile radius from Franchisee's Academy (and including the Academy's premises itself).~~

~~*"System"* means our distinct system for the operation of a Seashore Academy, the distinctive characteristics of which include: our Marks; proprietary programs and products; proprietary curriculum; flexible academic scheduling; academically intensive curriculum; training programs; marketing and promotional programs; and operating system.~~

~~3.~~2. ~~**Background**~~**BACKGROUND**. In your capacity as an ~~owner of Franchisee,~~ Owner (or the spouse of an ~~o~~Owner) of Franchisee, you may ~~gain knowledge of~~have access to our ~~System and~~ Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and ~~that~~ you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us~~.~~ or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "~~o~~Owners" and not just Franchisee. You agree to comply with ~~the terms of~~ this Agreement ~~in order~~ to: (a) avoid damaging our ~~S~~system by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to ~~o~~Owners.

~~**4. Brand Protection Covenants.**~~

3. BRAND PROTECTION COVENANTS.

(a) Intellectual Property and Confidential Information. You agree to:

~~(i)~~ (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Academy in compliance with the Franchise Agreement and Manual;

~~(ii)~~ (ii) at all times maintain the confidentiality of the ~~Know-how at all times;~~

~~(iii)~~ Confidential Information; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all ~~reasonable~~ steps we reasonably require to prevent unauthorized use or disclosure of ~~Know-how~~

~~(iv) refrain from making unauthorized copies of documents containing any Know-how~~Confidential Information; and

~~(v)~~ (v) immediately stop using the ~~Know-how~~Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee ~~or your spouse is no longer an owner of Franchisee, as applicable.~~

. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership ~~of any Improvement~~ to us, then such Improvement shall be perpetually licensed by you to us free of charge,

with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition ~~During Relationship~~. You ~~agree~~may not ~~to unfairly compete with us~~ engage in any Prohibited Activities at any time ~~while~~: (i) that you are (or your spouse is) an owner of Franchisee ~~or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.~~

~~Unfair Competition After Relationship. You agree not to unfairly compete with us by engaging in any Prohibited Activities~~; or (ii) during the Restricted Period~~; provided, however, that~~. Notwithstanding the ~~Prohibited Activity relating to having~~foregoing, you may have an interest in a Competi~~tive~~ng Business ~~only applies to a Competitive~~during the Restricted Period as long as the Competing Business ~~that~~ is not located within, and does not provide competitive goods or services to students who reside within, the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period~~,~~ ~~then~~ (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you ~~were engaging~~engaged in the Prohibited Activity. ~~(a~~Any such extension of time will not ~~be construed as~~ constitute a waiver of your breach or ~~otherwise~~ impair any of our rights or remedies relating to your breach~~).~~.

(c) Family Members. You ~~acknowledge you~~ could circumvent the purpose of ~~this Agreement~~§3 by disclosing ~~Know-how~~Confidential Information to ~~an~~ immediate family members (i.e., parent, sibling, child, or grandchild~~). You also acknowledge~~) and it would be difficult for us to prove ~~whether you disclosed the Know-how to family members. Therefore, you will be~~ your breach. For that reason you are presumed to have ~~violated the terms of~~breached this Agreement if ~~any member of your~~an immediate family (i) engages in any Prohibited Activities ~~during~~at any ~~period of~~ time ~~during which~~that you are prohibited from ~~engaging in the Prohibited Activities~~doing so or (ii) uses or discloses ~~the Know-how.~~Confidential Information. However, you may rebut this presumption ~~by furnishing~~with evidence conclusively showing you did not disclose ~~the Know-how~~Confidential Information to the family member.

(d) Covenants Reasonable. You ~~acknowledge~~agree that: (i) the ~~terms of this Agreement~~covenants in §3 are reasonable ~~both~~ in ~~time~~duration and ~~in scope of~~ geographic ~~area~~scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with ~~the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR UNENFORCEABLE.~~these covenants. Although you and we ~~both~~ believe the covenants in ~~this Agreement~~ §3 are reasonable~~,~~ we may ~~at any time~~, upon written notice to you, unilaterally modify the ~~terms of the~~ brand protection covenants in ~~Section~~ §3 of this Agreement~~, upon written notice to you,~~ by limiting the scope of the Prohibited Activities, narrowing the definition of a Competi~~tive~~ng Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under ~~Section~~ §3 of this Agreement to ensure ~~that~~ the ~~terms and~~ covenants are enforceable under applicable law.

(e) Breach. You agree that ~~your~~: (i) any failure to comply with ~~the covenants in this Section~~ §3 is likely to cause substantial and irreparable damage to us and/or ~~our~~ other franchisees for which there is no adequate remedy at law~~. Therefore, you agree that any violation of these covenants will entitle us~~; and (ii) we are entitled to injunctive relief~~. You agree we may apply for such injunctive relief, without bond, but upon due notice, in addition to~~ if you breach §3 together with any other relief available at equity or law~~, and your sole remedy in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).~~. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires ~~the filing of~~that we post a bond ~~notwithstanding the preceding sentence, the parties agree the amount of~~despite our mutual agreement to the contrary, the bond ~~shall~~amount may not exceed $1,000. ~~None of the remedies~~ No remedy available to us under this ~~Section are~~Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

~~5.~~4. ~~**Transfer Restrictions.**~~**TRANSFER RESTRICTIONS**. We must approve all Persons who own Equity Interests in the Business or Franchisee Entity. If you are an owner of Franchisee, you ~~acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you~~ agree that you will not~~, directly~~ Transfer any Equity Interest in the Business or ~~indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in~~ Franchisee Entity except in accordance with ~~the terms and conditions set forth in Section 19.2~~§19 of the Franchise Agreement.

~~6.~~5. ~~**Financial Security.**~~**FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ~~ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us~~other Definitive Agreements (collectively, the "Secured Agreements~~"),~~") you~~, jointly and severally,~~ hereby personally and unconditionally: (a) guarantee to us and our successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (~~a)~~ 1) acceptance and notice of acceptance by us of the foregoing undertakings; (~~b)~~ 2) notice of demand for payment of any indebtedness guaranteed; (~~c)~~ 3) protest and notice of default to any party with respect to the indebtedness guaranteed; (~~d)~~ 4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (~~e~~5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. ~~**Dispute Resolution.**~~**REPRESENTATION**. You represent you received a fully executed copy of the Franchise Agreement.

7. **DISPUTE RESOLUTION.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that ~~a~~your breach of this Agreement ~~by you shall constitute~~constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with ~~the~~its terms ~~thereof~~.**

8. ~~**Miscellaneous**~~**MISCELLANEOUS**.

(a) If either party hires an attorney or files suit against the other party ~~relating to or alleging a~~for breach of this Agreement, the losing party ~~agrees to pay~~must reimburse the prevailing ~~party's~~party for its reasonable attorneys' fees and costs ~~incurred in connection with such breach.~~.

(b) This Agreement ~~will be~~is governed by~~, construed and enforced under~~ the laws of ~~the state in which you reside~~ California and the courts in that state ~~shall~~ have jurisdiction over any legal proceedings arising out of this Agreement. If you reside outside of California, the public policies of the state in which you reside shall govern the enforceability of non-competition covenants notwithstanding the California choice of law provision set forth above

(c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement~~, including each subsection~~ (and portion thereof~~,~~) is severable. ~~In the event that~~If any section~~, subsection~~ (or portion ~~of this Agreement~~ thereof) is unenforceable, it shall not affect the enforceability of any other section~~, subsection~~ (or portion~~; and each party to this Agreement agrees that the~~ thereof). A court may ~~impose such limitations on the terms~~revise any provision of this Agreement ~~as it deems in its discretion~~to the extent necessary to make ~~such terms reasonable in scope, duration and geographic area~~the provision enforceable.

(e) ~~You agree that we~~We may deliver to you any notice ~~or other communication~~ contemplated by this Agreement in the same manner and to the same address listed in the notice provision~~s~~ of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

~~[Signature Page Follows]~~

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

~~By:~~ _____

By: _____

Name: _____

Date: _____

~~**OWNER / SPOUSE**~~

~~By:~~ _____

~~Name:~~ _____

~~Date:~~ _____

~~**OWNER / SPOUSE**~~

~~By:~~ _____

~~Name:~~ _____

~~Date:~~ _____

OWNER / SPOUSE

~~By:~~ _____

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

~~ATTACHMENT "F"~~ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No. | Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | ☐ Checking (check one) | ☐ Savings | Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) | Bank Phone No.

Authorization:

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

Signature:_____ Date:_____

Name:_____

Its:_____

Federal Tax ID Number:_____

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

~~ATTACHMENT "G"~~ATTACHMENT "F"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Freedom Learning, LLC, a Wyoming limited liability company, and its successors and assigns ("us").

DEFINITIONS. ~~BRAND PROTECTION AGREEMENT~~

~~*[See Attached]*~~

~~BRAND PROTECTION AGREEMENT~~

~~This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Freedom Learning, LLC, a Wyoming limited liability company, and its successors and assigns ("us"), upon the~~Capitalized terms ~~and conditions set forth in this Agreement.~~

1. ~~**Definitions.** For purposes of this Agreement, the following terms~~ that are not defined above have the meanings given to them below:

"*Academy*" means ~~a~~any private education business that ~~operates under the name Seashore Academy and uses our System.~~ we authorize to use our Curriculum and Teaching Methodology.

~~*"Competitive Business"* means any supplemental education business operated from dedicated commercial space that is competitive with a Seashore Academy and (a) maintains homeschooling status, (b) offers flexible scheduling for students and (c) offers subjects that are similar to those offered at a Seashore Academy.~~

~~*"Copyrights"* means all works and~~ "*Business Data*" means all data pertaining to Franchisee's Academy, students (and families of the students) and business operations, whether collected by you, Franchisee, us or any other person.

"*Confidential Information*" means and includes: (a) Know-How (including the Curriculum and Teaching Methodology); (b) Business Data; (c) information in the Manual; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Academy; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate ~~has secured~~secure common law or registered copyright protection and that we allow ~~Seashore Academy~~ franchisees to use, sell or display in connection with the marketing and/or operation of an Academy~~, whether now in existence or created in the future.~~.

"*Curriculum*" means our proprietary academic curriculum used to teach classes at a Seashore Academy, as modified by us from time to time.

"*Franchisee*" means the Seashore Academy franchisee for whom you are an ~~officer, director,~~ employee or independent contractor.

"*Improvement~~s~~*" means any ~~additions, modifications~~idea, addition, modification or improvement~~s~~ to~~:~~ the (a) ~~the~~ goods or services offered or sold at an Academy~~;~~, (b) ~~the~~ method of operation of an Academy~~;~~, (c) processes, systems or ~~(c) any~~procedures utilized by an Academy, (d) marketing, advertising or promotional ~~ideals relating to~~materials, programs or strategies utilized by an Academy or (e) trademarks, service marks, logos or other intellectual property utilized by an Academy, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, ~~our Marks, Copyrights~~the Business Data, Copyrighted Materials, Improvements, Know-how~~, System and Improvements. *"Intellectual Property"* also includes all customer data collected by Franchisee or by us~~ and Marks.

"*Know-how*" means ~~all of~~and includes our (and our affiliates') trade secrets and other proprietary information relating to the ~~development, construction,~~ marketing ~~and/~~or operation of an Academy~~,~~ including, but not limited to~~,~~: the Curriculum; the Teaching Methodology; methods~~,~~ and techniques~~,~~; standards and specifications~~,~~; policies and procedures~~, policies,~~; supplier lists and information; marketing strategies; and financial information ~~comprising the System and the Manual~~.

"*Manual*" means our confidential brand standards manual for the operation of an Academy.

~~"*Manual*" means our confidential brand standards manual for the operation of an Academy.~~

"*Marks*" means ~~the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Academy, including "Seashore Academy" and the related logos, and any other trademarks,~~ and includes all service marks ~~or~~, trademarks, trade names, logos and taglines that we designate ~~for use by an Academy. The term "*Marks*" also includes~~ from time to time and authorize or require Academies to use, including SEASHORE ACADEMY® and the associated logo (for traditional Academies) or the tagline "A SEASHORE ACADEMY® Certified Education Center" (for home-based Academies). The Marks also include any distinctive trade dress used to identify an Academy~~, whether now in existence or hereafter created.~~. The Marks also include any distinctive trade dress used to identify an Academy.

~~"*Prohibited Activities*" means any or all of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (c) inducing any student enrolled in an Academy, or inducing the family of any student enrolled in an Academy, to transfer their business to a competitor.~~

~~"*Restricted Period*" means the two (2) year period after you cease to be an officer, director,~~ "*Teaching Methodology*" means our proprietary teaching and educational methodologies, techniques, processes and strategies used to teach students in accordance with our Curriculum.

BACKGROUND. You are an employee or independent contractor of Franchisee~~; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.~~

~~"*Restricted Territory*" means the geographic area within a 25-mile radius from Franchisee's Academy (and including the Academy's premises itself); provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10-mile radius from Franchisee's Academy (and including the Academy's premises itself).~~

~~"*System*" means our distinct system for the operation of a Seashore Academy, the distinctive characteristics of which include: our Marks; proprietary programs and products; proprietary curriculum; flexible academic scheduling; academically intensive curriculum; training programs; marketing and promotional programs; and operating system.~~

2. ~~**Background.** You are an officer, director, employee or independent contractor of Franchisee.~~. As a result of this association, you may ~~gain knowledge of~~have access to our ~~System and~~ Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us~~. In order to~~ or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

~~1. **Intellectual Property.**~~**INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION.** You agree to:

~~(i)~~ (a) refrain from using the Intellectual Property or Confidential Information in any ~~capacity~~business or for any purpose other than the operation of Franchisee's Academy;

~~(ii)~~ (b) maintain the confidentiality of ~~the Know-how~~all Confidential Information at all times;

~~(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of the Know-how~~

~~(iv)~~ (c) refrain from making unauthorized copies of documents containing any ~~Know-how~~Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and

~~(v)~~ (e) immediately stop using the ~~Know-how~~Intellectual Property and Confidential Information at such time that you are no longer an ~~officer, director,~~ employee or independent contractor of Franchisee.

~~2. **Unfair Competition During Relationship**.~~ You agree ~~not~~ to ~~unfairly compete with us at any time while you are an officer, director, employee or independent contractor of Franchisee by engaging in any Prohibited Activities.~~

3. ~~**Unfair Competition After Relationship**.~~ You agree ~~not~~assign to ~~unfairly compete with us by engaging in any Prohibited Activities during the Restricted Period; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business only applies to a Competitive Business that is located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach~~ us or ~~otherwise impair any of~~ our designee, without charge, all rights ~~or remedies relating~~to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership to ~~your breach).~~us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. ~~**Immediate Family Members**.~~ ~~You acknowledge you~~**FAMILY MEMBERS**. You could circumvent the purpose of this Agreement by disclosing ~~Know-how~~Confidential Information to ~~an~~ immediate family members (i.e., ~~spouse,~~ parent, sibling, child, or grandchild~~). You also acknowledge~~) and it would be difficult for us to prove ~~whether you disclosed the Know-how to family members. Therefore, you will be~~ your breach. For that reason you are presumed to have ~~violated the terms of~~breached this Agreement if ~~any member of your~~ an immediate family ~~(a) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (b)~~ uses or discloses ~~the Know-how.~~Confidential Information. However, you may rebut this presumption ~~by furnishing~~with evidence conclusively showing you did not disclose ~~the Know-how~~Confidential Information to the family member.

~~3. **Covenants Reasonable**. You acknowledge and agree that: (a) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (b) you have sufficient resources business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**~~

~~4. **Breach**. You agree that your~~ **BREACH**. You agree that: (a) any failure to comply with ~~the terms of~~ this Agreement is likely to cause substantial and irreparable damage to us and/or ~~our~~ other franchisees for which there is no adequate remedy at law~~. Therefore, you agree that any violation of the terms of this Agreement will entitle us~~; and (b) we are entitled to injunctive relief~~. You agree we may apply for such injunctive relief, without bond, but upon due notice, in addition to~~ if you breach this Agreement together with any other relief available at equity or law~~, and your sole remedy in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).~~. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires ~~the filing of~~that we post a bond ~~notwithstanding the preceding sentence, the parties agree the amount of~~despite our mutual agreement to the contrary, the bond ~~shall~~amount may not exceed $1,000.~~ None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.~~

5. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of the state in which you reside and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(e) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

~~**ATTACHMENT "H"**~~

~~**TO FRANCHISE AGREEMENT**~~

~~**CONFIDENTIALITY AGREEMENT**~~

~~*[See Attached]*~~

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Freedom Learning, LLC, a Wyoming limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

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

"Academy" means a private education business that operates under the name Seashore Academy and uses our System.

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Seashore Academy franchisees to use, sell or display in connection with the marketing and/or operation of an Academy, whether now in existence or created in the future.

"Franchisee" means the Seashore Academy franchisee for whom you are an officer, director, employee or independent contractor.

"Improvements" means any additions, modifications or improvements to (a) the goods or services offered at an Academy, (b) the method of operation of an Academy or (c) any marketing or promotional ideals relating to an Academy, whether developed by you, Franchisee or any other person.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements. *"Intellectual Property"* also includes all customer data collected by Franchisee or by us.

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

"Manual" means our confidential brand standards manual for the operation of an Academy.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Academy, including "Seashore Academy" and the related logos, and any other trademarks, service marks or trade names that we designate for use by an Academy. The term "*Marks*" also includes any distinctive trade dress used to identify an Academy, whether now in existence or hereafter created.

"System" means our distinct system for the operation of a Seashore Academy, the distinctive characteristics of which include: our Marks; proprietary programs and products; proprietary curriculum; flexible academic scheduling; academically intensive curriculum; training programs; marketing and promotional programs; and operating system.

6. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

7. Know-How and Intellectual Property. You agree to:

(i) refrain from using the Intellectual Property in any capacity or for any purpose other than the operation of Franchisee's Academy;

(ii) maintain the confidentiality of the Know-how at all times;

(iii) take all reasonable steps we require to prevent unauthorized use or disclosure of the Know-how;

(iv) refrain from making unauthorized copies of documents containing any Know-how; and

(v) immediately stop using the Know-how at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

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

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

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

11.6. **Miscellaneous**MISCELLANEOUS.

(a) If we hire an attorney or file suit against you because you have breached for breach of this Agreement and we prevail against, you, you agree to pay must reimburse us for our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will beis governed by, construed and enforced under the laws of the state in which you resideCalifornia and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection (and portion thereof,) is severable. In the event thatIf any section, subsection (or portion of this Agreement thereof) is unenforceable, it shall not affect the enforceability of any other section, subsection (or portion, and each party to this Agreement agrees that the thereof). A court may impose such limitations on the termsrevise any provision of this Agreement as it deems in its discretionto the extent necessary to make such termsthe provision enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

By: _____

Name: _____

Date: _____

ATTACHMENT "I"

TO FRANCHISE AGREEMENT

DEFINITIONS

"Academy" means a private education business that operates under the name Seashore Academy and uses our System.

"Account" is defined in Section 13.5.

"ACH Agreement" means our form of ACH Authorization Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "E".

"Acquired Assets" is defined in Section 21.2.

"Agencies" is defined in Section 21.1.

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than the provision of education and enrichment services to students while physically present at a Seashore Academy. Examples include the provision of education products or services over the Internet, through catalogs or telemarketing or onsite at a student's home or school.

"Appraisal Date" is defined in Section 21.2.

"Appraised Value" is defined in Section 21.2.

"Average Monthly Fees" is defined in Section 21.3.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".

"Business" is defined in Section 2.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any supplemental education business operated from dedicated commercial space that is competitive with a Seashore Academy and (a) maintains homeschooling status, (b) offers flexible scheduling for students and (c) offers subjects that are similar to those offered at a Seashore Academy.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

"Copyrights" means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Seashore Academy franchisees to use, sell or display in connection with the marketing and/or operation of an Academy, whether now in existence or created in the future.

"Dispute" is defined in Section 22.

"Effective Date" is defined in the Introductory Paragraph.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Sales" means all amounts that you charge, invoice or collect from all goods and services sold in connection with your Academy, whether in the form of cash, check, credit card, debit card, barter, exchange or otherwise,

and regardless of collection. All barter and/or exchange transactions in which you furnish products and/or services in exchange for products and/or services provided to you by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the products and/or services so provided to you. "*Gross Sales*" also includes any other amounts you may collect in relation to your Business, including, without limitation, advertising revenues, sponsorship fees or business interruption insurance proceeds. If you provide free or discounted goods or services, you must calculate Gross Sales using the standard non-discounted retail pricing for such good or services (except as otherwise provided in the Manual for free or discounted goods or services provided to certain qualifying staff members or to your direct children). "*Gross Sales*" does not include: (a) revenues that you collect from a customer and later refund to that customer; or (b) any sales or use taxes that you collect from a customer and pay to a government agency. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales.

"Improvements" is defined in Section 17.5.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements. *"Intellectual Property"* also includes all customer data collected by you or us.

"Interim Manager" is defined in Section 8.4.

"Interim Term" is defined in Section 4.3.

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

"*Losses and Expenses*" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the overall management and supervision of the Academy.

"Manual" is defined in Section 6.1.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Academy, including "Seashore Academy" and the related logos, and any other trademarks, service marks or trade names that we designate for use by an Academy. The term "*Marks*" also includes any distinctive trade dress used to identify an Academy, whether now in existence or hereafter created.

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"Permitted Transfer" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that results in the Managing Owner holding less than a 10% ownership interest in the franchise or the Entity that is the franchisee under this Agreement, as applicable; and/or (b) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "*Post-Term Restricted*

Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "*Post-Term Restricted Period*" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "*Post-Term Restricted Period*" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.

"Prohibited Activities" is defined in Section 14.3.

"Qualified Appraiser" is defined in Section 21.2.

"Qualifying Child" is defined in Sections 3.

"Restricted Territory" means the geographic area within a 25-mile radius from your Academy (and including your Academy's premises itself); provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 10-mile radius from your Academy (and including your Academy's premises itself).

"Site Approval Notice" is defined in Sections 3.

"Site Selection Area" is defined in Sections 7.1.

"Successor Agreement" is defined in Section 4.1.

"System" means our distinct system for the operation of a Seashore Academy, the distinctive characteristics of which include: our Marks; proprietary programs and products; proprietary curriculum; flexible academic scheduling; academically intensive curriculum; training programs; marketing and promotional programs; and operating system.

"Technology Systems" is defined in Section 11.9.

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of this Agreement or the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

~~**AREA DEVELOPMENT AGREEMENT**~~

~~[See Attached]~~

~~AREA DEVELOPMENT AGREEMENT~~

~~AREA DEVELOPER:~~ _____

~~DATE:~~ _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Freedom Learning, LLC, a Wyoming limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below. Any capitalized term used in this Agreement that is not defined below shall have the meaning given to such term in the Initial Franchise Agreement (as defined below).

"Academy" means a private education business that operates under the name Seashore Academy and uses our System.

"Alternative Channels of Distribution" has the meaning given to such term in the Initial Franchise Agreement.

"Development Schedule" means the schedule described in Section 4.1 and Part D of ATTACHMENT "A" for the development of the Academies within the Development Territory.

"Development Territory" means the geographic area described in Part C of ATTACHMENT "A".

"Franchise Agreement" means a Seashore Academy Franchise Agreement executed by us and you (or an affiliate of yours) for the establishment and operation of an Academy pursuant to this Agreement.

"Initial Franchise Agreement" means the Franchise Agreement executed by you concurrently with the execution of this Agreement for the first franchise to be established pursuant to this Agreement.

"Managing Owner" has the meaning given to such term in the Initial Franchise Agreement.

"Owner" or *"Owners"* means any individual who directly signs this Agreement or who owns a direct or indirect ownership interest in the area development rights or the entity that is the area developer under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that results in the Managing Owner holding less than a 10% ownership interest in the area developer franchise or the Entity that is the area developer franchisee under this Agreement, as applicable; and/or (b) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Term" the period of time commencing with the Effective Date of this Agreement and expiring upon the date by which you are required to open the last Academy under the Development Schedule.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of this Agreement or the area development rights (or any interest therein), the business conducted by you pursuant to this Agreement, or an ownership interest in an entity that is the area developer under this Agreement, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the entity that is the area developer, or by operation of law, will or a trust upon the death of an Owner of the area developer entity (including the laws of intestate succession).

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms and conditions of this Agreement, we hereby grant you the right and obligation to develop each of the Academies referred to in the Development Schedule. Each Academy that you develop pursuant to this Agreement must be located within the Development Territory and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement. This Agreement does not grant you any rights or licenses to use any of our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. Your Development Territory will be exclusive, meaning that for the duration of the Term, we will not develop or operate, or grant a license to any third party to develop or operate, an Academy that is physically located within the Development Territory other than any Academy that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is located, or is to be located within, the Development Territory. We reserve the right to sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Development Territory.

4. DEVELOPMENT OBLIGATIONS

4.1. **Development Schedule**. You agree to open each Academy in strict compliance with the time periods set forth in the Development Schedule. You must develop, open and operate each Academy in compliance with all of the terms of the applicable Franchise Agreement. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or lack of funds. You must open all Academies referred to in the Development Schedule. You acknowledge that the opening date listed in the Development Schedule for a given Academy may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule, you must open each Academy by the opening date listed in the Development Schedule even if such date is earlier than the opening date required under the terms of the associated Franchise Agreement.

4.2. **Site Selection**. You must select a specific site within the Development Territory for each Academy in accordance with our then-current site selection criteria set forth in the Manual and the applicable Franchise Agreement. Each site that you select is subject to our prior approval as specified in the applicable Franchise Agreement.

4.3. **Franchise Agreements**. You must sign a separate Franchise Agreement for each Academy. You must sign the Initial Franchise Agreement for your first Academy at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable Franchise Agreement for the proposed location. Each Franchise Agreement shall be our then-current form of Seashore Academy Franchise Agreement (modified to reflect there is no additional initial franchise fee owed), the terms and conditions of which may vary materially and substantially from the terms and conditions of the Initial Franchise Agreement You will have no right to develop, open or operate any Academy until you and we have executed the applicable Franchise Agreement and all ancillary agreements for that Academy.

4.4. **1.1. Additional Locations.** You have no right to develop any Academy other than the Academies listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms and conditions that we specify, following your development of all Academies listed in the Development Schedule under this Agreement.

5. DEVELOPMENT FEE. At the time you sign this Agreement, you must pay us a development fee in the amount set forth in Part B of ATTACHMENT "A". The development includes the initial franchise fees imposed in connection with each of the Academies you develop under this Agreement. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. AREA DEVELOPER AS ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon our request, you must provide us with a resolution of the entity authorizing the execution of this Agreement, a copy of the entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the entity is duly formed and validly existing under the laws of the state of its formation. You may form a separate entity to enter into each Franchise Agreement provided that: (a) the individuals holding the ownership interests (and their percentage interests) in each such entity must be the same individuals holding ownership interests

(with the same percentage interests) in the entity that is the Area Developer under this Agreement; and (b) each such entity guarantees the performance of all other entities formed under the authority of this Section 6.

7. TRANSFERS

7.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and your Owners and that we have granted the area development rights in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer (other than a Permitted Transfer) without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual or group of individuals of good moral character who have sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Academies be develop under this Agreement and otherwise meet all of our then applicable standards for area developer franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement, all Franchise Agreements and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program;

(iv) the transferee and its owners sign our then current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the transfer);

(v) you or the transferee pay us a $15,000 transfer fee;

(vi) you assign all of your Franchise Agreements to the transferee in accordance with all of the transfer terms and conditions applicable under each such Franchise Agreement (including payment of any transfer fee imposed under each such Franchise Agreement);

(vii) you and your Owners sign a General Release of all claims arising before or contemporaneously with the Transfer;

(viii) we do not elect to exercise our right of first refusal described in Section 7.5; and

(ix) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than your entire remaining area development rights under this Agreement (i.e., you may not retain the right to develop any Academy); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days prior written notice; and (b) upon our request, cause any Entity that was originally the franchisee under this Agreement to sign a corporate guarantee in the format we require in order to secure the performance of the new franchisee Entity's financial obligations under this Agreement and all related agreements. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

7.4. **Death or Disability of an Owner.** Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the area development franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 7.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase your remaining area development rights and any Academies to be assigned, or the ownership interest in you, as applicable, for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 7.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

8. TERMINATION OF DEVELOPMENT RIGHTS

8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the establishment of the Academies within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that your failure to achieve the results required by the Development Schedule will constitute a material breach of this Agreement.

8.2. **Termination of Development Rights**. If you fail to comply with any term of this Agreement, we may terminate this Agreement, effective 30 days after giving you written notice of the default, unless you have fully cured the default within such 30-day period. Any such termination will end all of your rights and future development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to open additional Academies. In the event of a termination, you will not be entitled to any refund of the development fee but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee for any Academy with respect to which, as of the effective date of termination of this Agreement, you had not executed a Franchise Agreement.

8.3. **Cross Default**. Our termination of any Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

9. DISPUTE RESOLUTION. Any dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions set forth in the Initial Franchise Agreement executed concurrently with this Agreement. All such dispute resolution provisions are incorporated herein by reference as if full set forth in this Agreement.

10. YOUR REPRESENTATIONS.

10.1. Corporate Representations. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any governmental authority; or (c) violate any applicable law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the developer Entity is duly organized, validly existing and in good standing under the laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the developer Entity and shall be enforceable against the developer Entity in accordance with its terms.

10.2. Franchise Compliance Representations. You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.

10.3. General Representations. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

11. GENERAL PROVISIONS

11.1. Governing Law. This Agreement and the franchise relationship shall be governed by the laws of the State of California (without reference to its principles of conflicts of law), but any law of the State of California that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. Severability . Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable.

11.3. 1.1. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.

11.4. Force Majeure. Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic.

11.5. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a

party to this Agreement.

11.6. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11.7. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (a) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (b) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (c) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

11.8. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

11.9. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.10. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.11. Time of Essence. Time is of the essence in this Agreement and every term thereof.

11.12. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.13. Notice. All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the Initial Franchise Agreement signed concurrently with this Agreement.

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Freedom Learning, LLC, a Wyoming limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____
By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

_____
Name: _____
_____
Name: _____
_____
Name: _____
_____
Name: _____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details.

Name of franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes:** _____ **No:** _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business entity, each natural person holding a direct or indirect ownership interest in the business entity, and spouse of each such person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each natural person holding a direct or indirect ownership interest in the area developer franchise (or the franchisee business entity if applicable) along with a description of their ownership interest.

Owner's Name	**% Ownership Interest**	**Direct or Indirect (if indirect, describe nature of interest)**

Notice Address: [_____]

B. Fees.

- The development fee shall be $_____.

C. Development Territory.

The Development Territory shall include the following geographic area:

_____
_____
_____

If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.

D. Development Schedule.

You agree to comply with the following minimum development obligations as specified in Section 4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF ACADEMIES OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF ACADEMIES OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
Total Number of Academies to be Developed: [_____]		

EXHIBIT "E"EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2022.

FRANCHISEES OPEN AS OF DECEMBER 31, 2022				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2022.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2022				
State	City	Address	Phone	Owner Name(s)
California	Manhattan Beach	405 31st Street Hermosa Beach, California 90254	310-780-0334	Adam Barshay and Bobbi Jean Greenseth (Seashore South Bay, LLC)
California	Tustin	227 Stellar Irvine, California 92618	847-401-4782	Tony and Cathy Babayan

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

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

~~EXHIBIT "F"~~EXHIBIT "A"

~~TO DISCLOSURE DOCUMENT~~

~~FINANCIAL STATEMENTS~~

~~[See Attached]~~

~~**EXHIBIT "F" 1**~~

~~**TO DISCLOSURE DOCUMENT**~~

~~**INTERIM UNAUDITED FINANCIAL STATEMENTS**~~

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

Freedom Learning
Balance Sheet
As of May 31, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	6,113.63
Other Current Assets	23,635.02
Total Current Assets	**$ 29,748.65**
Other Assets	41,708.30
TOTAL ASSETS	**$ 71,456.95**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	0.00
Credit Cards	11,668.04
Other Current Liabilities	229,705.18
Total Current Liabilities	**$ 241,373.22**
Long-Term Liabilities	60,287.50
Total Liabilities	**$ 301,660.72**
Total Equity	**-$ 230,203.77**
TOTAL LIABILITIES AND EQUITY	**$ 71,456.95**

Freedom Learning
Profit and Loss
January - May, 2023

	Total
Income	
Initial Franchise Fees	3,312.50
Total Income	**$ 3,312.50**
Gross Profit	**$ 3,312.50**
Expenses	
Advertising & Marketing	4,198.05
Bank fees & service charges	288.86
Books & Office Supplies	142.08
Commission Expense	2,291.70
Consulting Expense	20,000.00
Franchise Development Expense	16,402.99
General business expenses	12,369.70
Insurance	338.22
Legal & Accounting Services	15,702.50
Meals	1,515.89
Office expenses	79.95
Payroll expenses	29,817.58
Supplies	61.72
Taxes paid	26.91
Travel	185.28
Total Expenses	**$ 103,421.43**
Net Operating Income	**-$ 100,108.93**
Net Income	**-$ 100,108.93**

~~**EXHIBIT "F" 2**~~

~~**TO DISCLOSURE DOCUMENT**~~

~~**AUDITED FINANCIAL STATEMENTS**~~

Freedom Learning, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2022

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
4500 Mercantile Plaza Dr STE 300, Fort Worth TX 76137
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Freedom Learning, LLC
Newport Beach, California

Opinion

We have audited the accompanying financial statements of Freedom Learning, LLC (a Wyoming Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedom Learning, LLC as of December 31, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Freedom Learning, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom Learning, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Freedom Learning, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom Learning, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Fort Worth, Texas
June 22, 2023

Freedom Learning, LLC
Balance Sheet
December 31, 2022

	2022
ASSETS	
Current Assets	
Cash and cash equivalents	$ 54,577
Prepaid expenses	17,938
Deferred commission, current portion	5,500
Due from related party	676
Total Current Assets	**78,691**
Non-Current Assets	
Deferred commission, net of current portion	44,000
Total Non- Current Assets	**44,000**
Total Assets	**$ 122,691**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	
Current Liabilities	
Accounts payable	$ 4,570
Deferred revenue, current portion	7,950
Due to related party	174,848
Total Current Liabilities	**187,368**
Long-Term Liabilities	
Deferred revenue, net of current portion	63,600
~~**Total Long-Term Liabilities**~~	~~**63,600**~~
Total Liabilities	**250,968**
Members' Equity (Deficit)	
Members' equity (deficit)	(128,277)
Total Members' Equity (Deficit)	**(128,277)**
Total Liabilities and Members' Equity (Deficit)	**$ 122,691**

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

Freedom Learning, LLC
Statement of Operations
Year Ended December 31, 2022

	2022
Revenues	
Initial franchise fees	$ 40,950
Total Revenues	**40,950**
Operating Expenses	
Salaries and wages	61,624
Franchise development	73,794
Commission expense	5,500
Legal and professional	40,875
General and administrative	12,305
Consulting	32,406
Advertising and marketing	11,000
Total Operating Expenses	**237,504**
Net Income (Loss)	**$ (196,554)**

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

Freedom Learning, LLC
Statement of Members' Equity (Deficit)
Year Ended December 31, 2022

Members' Equity (Deficit) At December 31, 2021	**$ (22,830)**
Members' contributions	125,000
Members' distributions	(33,893)
Net income (loss)	(196,554)
Members' Equity (Deficit) At December 31, 2022	**$ (128,277)**

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

Freedom Learning, LLC
Statement of Cash Flows
Year Ended December 31, 2022

	2022
Cash Flows From Operating Activities:	
Net income / (loss)	$ (196,554)
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in operating activities	
Change in prepaid expenses	(17,938)
Change in deferred commission	(49,500)
Change in due from related party	(676)
Change in accounts payable	4,570
Change in deferred revenue	71,550
Change in due to related party	151,854
Net Cash Provided By (Used In) Operating Activities	**(36,694)**
Cash Flows From Investing Activities	
Net Cash Flows Provided By (Used In) Investing Activities	-
Cash Flows From Financing Activities	
Members' distributions	(33,893)
Members' contribution	125,000
Net Cash Flows Provided By (Used In) Financing Activities	**91,107**
Net Change In Cash And Cash Equivalent During The Year	**54,413**
Cash - beginning of the year	164
Cash And Cash Equivalent - End of The Year	**$ 54,577**

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

Freedom Learning, LLC
Notes To Financial Statements
December 31, 2022

1. COMPANY AND NATURE OF OPERATIONS

Freedom Learning, LLC (the "Company") was organized on August 25, 2021, in the state of Wyoming as a Limited Liability Company for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers qualified individuals the right to operate a private education business under the "Seashore Academy" mark that provides families with both the quality of an elite private education as well as the flexibility and freedom provided to homeschoolers, as families may customize each student's academic schedule to best suit the individual needs of each child.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposit with maturities of three months or less to be cash equivalents.

C. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposit didn't exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

D. Federal Income Taxes

The Company and its members have elected to be treated as a partnership under the provisions of the Internal Revenue Code (IRC). Therefore, any taxable income earned by the Company is included in the individual tax returns of its members. Accordingly, net income presented in the financial statements does not include a provision for income taxes. The net income presented will include state-imposed taxes and fees as applicable.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Debt

The Partnership accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The Partnership accounts for debt as noncurrent if the obligation does not expire or is due within one year.

G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand-level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

H. Advertising

Advertising and brand development costs are charged to operations in the year incurred.

I. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENT

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2022, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

As of December 31, 2022, the Company had approximately $54,577 in cash at their operating bank account.

4. RELATED PARTY TRANSACTIONS

Certain operating expenses are incurred by the related party "Seashore Academy" and are allocated to the Company. During the year ended December 31, 2022, the related party allocated $151,854, in expenses to the Company, which was charged to the Company's operations, with the majority of the expenses included in operating and administrative expenses in the accompanying statement of operations.
At December 31, 2022, the Company had a payable to the related party in the amount of $174,848 which resulted from various intercompany transactions. At December 31, 2022, the Company had a receivable from the related party in the amount of $676 which resulted from various intercompany transactions. These amounts are presented in the accompanying balance sheet statement.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

	2022
Revenue recognized over time	$40,950
Revenue recognized at a point in time	-
Total Revenue	**$40,950**

Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the year ended December 31:

	2022
Beginning balance	$-
Additional deferred expenses	55,000
Expenses recognized – additional deferred expenses	(5,500)
Deferred expenses	**49,500**
Less: current maturities	(5,500)
Deferred expenses, net of current maturities	**$44,000**

The following table provides information about the change in the franchise contract liability balances during the year ended December 31, 2022. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2022
Beginning balance	$-
Additional deferred revenue	112,500
Revenue recognized – additional deferred revenue	(40,950)
Deferred revenue	**71,550**
Less: current maturities	(7,950)
Deferred revenue, net of current maturities	**$63,600**

6. MARKETING AND ADVERTISING

Advertising and marketing costs for the year ended December 31, 2022, were $11,000.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2023, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

~~EXHIBIT "G"~~

~~TO DISCLOSURE DOCUMENT~~

OTHER AGREEMENTS

EXHIBIT "~~G~~D"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,

AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR

Freedom Learning, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the Seashore Academy Franchise Disclosure Document ("FDD" or "Disclosure Document") issued by Freedom Learning, LLC ("we" or "us" or "franchisor") to franchisee ("you" or "franchisee") and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the "Franchise Agreement"). When the term "Supplemental Agreements" is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

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

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

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

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

4. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.

~~4.~~5. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in California with the costs being equally borne by the parties.

~~5.~~6. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.

~~6.~~7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

~~7.~~8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

~~8.~~9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

~~9.~~10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

~~10.~~11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

~~11.~~12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT ~~https://dfpi.ca.gov/~~https://dfpi.ca.gov/.

~~12.~~13. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the

franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

~~13.~~14. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

HAWAII

1. The following is added to the Cover Page:

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

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

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

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".

4. The states in which this filing is or will be shortly on file include the following: _____

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: _____

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: _____

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: _____

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinoi is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in California in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

   To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

6. There is no limit on the cost/amount of remodeling the Franchisor may require as a condition of renewing and transferring your franchise.

See the last page of this Exhibit H-1 for your signature.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   > Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.
   >
   > At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

   "Fee Deferral

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement."

2. Item 17 of the Disclosure Document is amended to add the following:

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

   b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   d. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

4. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO
FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

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

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement.

FREEDOM LEARNING, LLC	**[FRANCHISEE]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

MARYLAND ADDENDUM TO
AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

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

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

8. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Area Development Agreement.

FREEDOM LEARNING, LLC	**[FRANCHISEE]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

MICHIGAN

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

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

(j) A prohibition on the right of a franchisee to join an association of franchisees.

(k) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(l) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(m) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(n) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(o) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

(v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we 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.

5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Disclosure Document:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4 of the Disclosure Document:

   Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that

either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5 of the Disclosure Document:

   The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c) of the Disclosure Document, titled "**Requirements for franchisee to renew or extend**," and Item 17(m) of the Disclosure Document, entitled "**Conditions for franchisor approval of transfer"**:

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d) of the Disclosure Document, titled **"Termination by franchisee"**:

   You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j) of the Disclosure Document, titled "**Assignment of contract by franchisor"**:

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

8. The following is added to the end of the "Summary" sections of Item 17(v) of the Disclosure Document, titled "Choice of forum", and Item 17(w) of the Disclosure Document, titled "**Choice of law"**:

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

9. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.

10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.

11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

12. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.

2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

11. You are not required to pay us any fees until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

2. Section 19-28.1-14 of the Rhode Island Franchise Law 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 a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. You are not required to pay us any fees until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

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

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

8. The Securities Division has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Securities Division has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Washington franchisees until we have completed all of our pre-opening obligations and you are open for business. For Washington franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

WISCONSIN

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

(Signatures on following page)

APPLICABLE ADDENDA

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

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

Dated: _____, 202____

FRANCHISOR:

Freedom Learning, LLC

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

EXHIBIT "~~H~~D"-2

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of Freedom Learning, LLC, a Wyoming limited liability company ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a Seashore Academy;

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and

C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Law. This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor

Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Miscellaneous.

   (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

   (b) This Agreement shall be construed and governed by the laws of the State of California.

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

   (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

   (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

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

   (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

   (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

_____

By: _____
Name: _____
Its: _____

FRANCHISE OWNERS:

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31,

2023.

FRANCHISEES OPEN AS OF DECEMBER 31, 2023				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2023.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2023				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year or Haven't Communicated With Us Within 10 Weeks Prior to the Issuance Date of this FDD)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
California	Manhattan Beach	310-780-0334	Adam Barshay and Bobbi Jean Greenseth (Seashore South Bay, LLC)
California	Tustin	847-401-4782	Tony and Cathy Babayan

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

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

Freedom Learning, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2023 and 2022

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Statements of Cash Flows 8
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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
1312 Norwood Dr STE 100, Bedford, Texas 76022
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Freedom Learning, LLC

Opinion

We have audited the accompanying financial statements of Freedom Learning, LLC (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedom Learning, LLC as of December 31, 2023 and 2023 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 6 to the financial statements, the Company has a net loss for the years ended December 31, 2023 and 2022 of $63,205 and $196,554 respectively. The Company also has a low liquidity level in comparison to its short-term obligation. This raises substantial doubt about its ability to continue as a going concern. Management's plan in this regard is also described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in note 4 to the financial statements, the Company has extensive transactions and relationships with its affiliates. Accordingly, the accompanying financial statements may not be indicative of the results of operations that would have been achieved if the Company had operated without such affiliations.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Freedom Learning, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom Learning, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Freedom Learning, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom Learning, LLC's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
June 10, 2024

Freedom Learning, LLC
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 13,060	$ 54,577
Prepaid expenses	10,000	17,938
Deferred commission, current portion	-	5,500
Due from related party	-	676
Total Current Assets	**23,060**	**78,691**
Non-Current Assets		
Deferred commission, net of current portion	-	44,000
Total Non-Current Assets	**-**	**44,000**
Total Assets	**$ 23,060**	**$ 122,691**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 18,511	$ 4,570
Deferred revenue, current portion	-	7,950
Due to related party	140,408	174,848
Total Current Liabilities	**158,919**	**187,368**
Long Term Liabilities		
Deferred revenue, net of current portion	-	63,600
Total Long Term Liabilities	**-**	**63,600**
Total Liabilities	**158,919**	**250,968**
Members' Equity (Deficit)		
Members' equity (deficit)	(135,859)	(128,277)
Total Members' Equity (Deficit)	**(135,859)**	**(128,277)**
Total Liabilities and Members' Equity (Deficit)	**$ 23,060**	**$ 122,691**

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

Freedom Learning, LLC

Statements of Operations

Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Initial franchise fees	$ 71,550	$ 40,950
Total Revenues	**71,550**	**40,950**
Operating Expenses		
Commission expense	49,500	5,500
Salaries and wages	23,195	61,624
Legal and professional	26,418	40,875
Franchise development	16,403	73,794
General and administrative	9,639	23,305
Consulting	9,600	32,406
Total Operating Expenses	**134,755**	**237,504**
Operating Income / (Loss)	**(63,205)**	**(196,554)**
Net Income / (Loss)	**$ (63,205)**	**$ (196,554)**

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

Freedom Learning, LLC
Statements of Members' Equity (Deficit)
Years Ended December 31, 2023 and 2022

Members' Equity (Deficit) At December 31, 2021	**$ (22,830)**
Members' distributions	(33,893)
Members' contributions	125,000
Net income / (loss)	(196,554)
Members' Equity (Deficit) At December 31, 2022	**$ (128,277)**
Members' distributions	(104,377)
Members' contributions	160,000
Net income / (loss)	(63,205)
Members' Equity (Deficit) At December 31, 2023	**$ (135,859)**

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

Freedom Learning, LLC
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income / (loss)	$ (63,205)	$ (196,554)
Adjustments to reconcile net income to net cash provided by operating activities	-	-
Change in assets and liabilities		
Prepaid expenses	7,938	(17,938)
Deferred commission	49,500	(49,500)
Due from related party	676	(676)
Accounts payable and accrued liabilities	13,941	4,570
Deferred revenue	(71,550)	71,550
Due to related party	(34,440)	151,854
Net Cash Provided By (Used In) Operating Activities	**(97,140)**	**(36,694)**
Cash Flows From Investing Activities		
Net Cash Flows Provided By (Used In) Investing Activities	-	-
Cash Flows From Financing Activities		
Members' contributions	160,000	125,000
Members' distributions	(104,377)	(33,893)
Net Cash Flows Provided By (Used In) Financing Activities	**55,623**	**91,107**
Net Change In Cash And Cash Equivalent During The Year	**(41,517)**	**54,413**
Cash and cash equivalents - beginning of the year	54,577	164
Cash And Cash Equivalent - End of The Year	**$ 13,060**	**$ 54,577**

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

Freedom Learning, LLC
Notes To Financial Statements
December 31, 2023 and 2022

1. COMPANY AND NATURE OF OPERATIONS

Freedom Learning, LLC (the "Company") was organized on August 25, 2021, in the state of Wyoming as a Limited Liability Company for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers qualified individuals the right to operate a private education business under the "Seashore Academy" mark that provides families with both the quality of an elite private education as well as the flexibility and freedom provided to homeschoolers, as families may customize each student's academic schedule to best suit the individual needs of each child.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposit with maturities of three months or less to be cash equivalents.

C. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

D. Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. There were no changes to previously reported members' equity or net income because of the reclassifications.

E. Federal Income Taxes

The Company is organized as a limited liability company and is a disregarded entity for income tax purposes. The Company's accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statement.

F. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance

in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand-level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable monthly.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

H. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2023 and 2022 the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. For the years ended December 31, 2023 and 2022 the Company had approximately $13,060 and $54,577 respectively in cash in its bank accounts.

4. RELATED PARTY TRANSACTIONS

Certain operating expenses are incurred by the related party "Seashore Academy" and are allocated to the Company. During the years ended December 31, 2023 and 2022 the related party allocated $0 and $151,854 respectively, in expenses to the Company, which was charged to the Company's operations, with the majority of the expenses included in operating and administrative expenses in the accompanying statement of operations.

At December 31, 2023 and 2022, the Company had a payable to the related party in the amount of $140,408 and $174,848 respectively which resulted from various intercompany transactions. At December 31, 2023 and 2022, the Company had a receivable from the related party in the amount of $0 and $676 respectively which resulted from various intercompany transactions. These amounts are presented in the accompanying balance sheet statements.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2023	2022
Revenue recognized over time	$ -	$ 40,950
Revenue recognized at a point in time	71,550	-
Total Revenue	**$ 71,550**	**$ 40,950**

Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	2023	2022
Beginning balance	$ 49,500	$ -
Additional deferred expenses	-	55,000
Expenses recognized – additional deferred expenses	(49,500)	(5,500)
Deferred expenses	**-**	**49,500**
Less: current maturities	-	(5,500)
Deferred expenses, net of current maturities	**$ -**	**$ 44,000**

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2023 and 2022 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2023	2022
Beginning balance	$ 71,550	$ -
Additional deferred revenue	-	112,500
Revenue recognized – additional deferred revenue	(71,550)	(40,950)
Deferred revenue	**-**	**71,550**
Less: current maturities	-	(7,950)
Deferred revenue, net of current maturities	**$ -**	**$ 63,600**

During 2023, two franchisees canceled their franchise agreements which triggered the recognition of the initial franchise fees and related commission expenses in the year of cancelation.

6. LIQUIDITY RISK

As shown in the accompanying financial statements, the Company had recurring net losses for the years ended December 31, 2023 and 2022 of $63,205 and $196,554 respectively. The Company also has a low liquidity level in comparison to its short-term obligation, inability to obtain new franchise opportunities, negative cash flow from operation, and Working capital deficiencies. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations. The financial statements do not include any adjustments related to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. Management's plans in connection with such concerns include implementing operations modification anticipated to increase efficiencies and reduce operation costs. In addition, management has identified and implemented various efficiencies to improve the overall operations and increase profitability. The Company's members are also capable and willing of contributing more funds if needed. The Company's members have guaranteed the ongoing operation of the Company for the next twelve months.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2024 which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

~~EXHIBIT "H"~~EXHIBIT "G"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	~~August 28, 2023~~Pending
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	~~September 20, 2023~~
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

~~EXHIBIT "I"~~EXHIBIT "H"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

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

If Freedom Learning, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Freedom Learning, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Marlene Dandler, ~~1300 Bristol Street N, Suite 100~~2618 San Miguel Drive, #270, Newport Beach, California 92660; (949) 264-3195

_____

_____

Issuance Date: July ~~27, 2023~~23, 2024

Freedom Learning, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A" List of State Administrators and Agents for Service of Process
EXHIBIT "B" Agent for Service of Process
EXHIBIT "C" Franchise Agreement
~~EXHIBIT "D" Area Development Agreement~~
EXHIBIT "D" Other Agreements
EXHIBIT "D"-1 State Addenda
EXHIBIT "D"-2 General Release
EXHIBIT "E" List of Franchisees
EXHIBIT "F" Financial Statements of Freedom Learning, LLC
~~EXHIBIT "G" Other Agreements~~
~~EXHIBIT "G"-1 State Addenda~~
~~EXHIBIT "G"-2 General Release~~
~~EXHIBIT "H"~~EXHIBIT "G" State Effective Dates
EXHIBIT "H" Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Freedom Learning, LLC.)

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