FRANCHISE DISCLOSURE DOCUMENT

SAFESPLASH BRANDS, LLC
d/b/a STREAMLINE BRANDS
a Colorado limited liability company
12240 Lioness Way
Parker, Colorado 80134
(303) 799-1885
franchise@streamlinebrands.com
www.streamlinebrands.com

SafeSplash Brands, LLC, a Colorado limited liability company doing business as Streamline Brands, is offering franchises for the use of the trademark "SAFESPLASH", "SWIMLABS" (in a Dual Brand Location) and "SWIMTASTIC" and related trademarks and service marks, for the operation of businesses offering "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities and the sale of related Products ("**SafeSplash Businesses**", "**SwimLabs Businesses**" (in a Dual Brand Location) or "**Swimtastic Businesses**," which are referred to collectively in this Disclosure Document as "**Franchised Businesses**"). There are three formats of Franchised Businesses: Dual Brand Location, Dedicated Location and Hosted Location.

The total investment necessary to begin operation of a Dual Brand Location is $1,276,500 to $2,094,500. This includes $60,000 that must be paid to the franchisor and its affiliates.

The total investment necessary to begin operation of a Dedicated Location is $882,750 to $1,638,000. This includes $50,000 that must be paid to the franchisor and its affiliates.

The total investment necessary to begin operation of a Hosted Location is $57,500 to $90,000. This includes $35,000 that must be paid to the franchisor and its affiliates.

The total investment necessary to begin operation of a single dedicated Franchised Business (dual brand approach) under the Area Development Agreement is $1,266,500 to $2,094,500, plus the applicable Deposit. This includes $50,000 to $60,000 that must be paid to the franchisor and its affiliates, plus the applicable Deposit.

The total investment necessary to begin operation of a single Dedicated Location under the Area Development Agreement is $872,750 to $1,638,000, plus the applicable Deposit. This includes $40,000 to $50,000 that must be paid to the franchisor and its affiliates, plus the applicable Deposit.

The total investment necessary to begin operation of a single Hosted Location under the Area Development Agreement is $47,500 to $90,000, plus the applicable Deposit. This includes $25,000 to $35,000 that must be paid to the franchisor and its affiliate, plus the applicable Deposit.

In each case, in addition to paying to us the Initial Franchise Fee for the first Franchised Business, you must pay to us a nonrefundable deposit equal to 50% of the sum of the subsequent initial franchise fees for the second and any other Franchised Businesses to be developed under the Area Development Agreement.

The minimum number of businesses required to be opened by the Area Development Agreement is two. The total investment necessary for any subsequent Franchised Business under the Area Development

Agreement varies based on the number and format of Franchised Businesses you commit to develop and includes $25,000 to $60,000 that must be paid to the franchisor and its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Paul Gerrard at 12240 Lioness Way, Parker, Colorado 80134 and (303) 799-1885.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information comparing franchisors is available. Call your state agency or your public library for sources of information. 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 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.

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

Issuance Date: **June 7, 2022**

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E or F.
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 G 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 SafeSplash, SwimLabs, or Swimtastic 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 SafeSplash, SwimLabs, or Swimtastic franchisee?	Item 20 or Exhibits E and F 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 you to resolve disputes with the franchisor by arbitration only in Colorado, except for certain disputes, which must be litigated in Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Colorado 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(s), even if 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.

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.

NOTICE REQUIRED
BY
STATE OF MICHIGAN

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

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

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

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

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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months' advance notice of our intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

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EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENT, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document ("**Franchise Disclosure Document**"), "**we**," or "**us,**" means SafeSplash Brands, LLC d/b/a Streamline Brands, the Franchisor. We will refer to the person who buys the franchise as "**Franchisee**" or "**you**" throughout this Franchise Disclosure Document. If the Franchisee is a legal business entity, certain terms of the Franchise Agreement also apply to the owners of the entity and will be noted.

The Franchisor, Its Predecessors and Affiliates

We are a Colorado limited liability company that was incorporated on January 4, 2014. Effective December 23, 2016, we do business primarily under the name "Streamline Brands," although we also do business under the names "SafeSplash," "SwimLabs" and "Swimtastic." Our principal place of business is 12240 Lioness Way, Parker, Colorado 80134. We began offering franchises for the operation of SafeSplash Franchised Businesses ("**SafeSplash Businesses**") in the United States in August 2014. In February 2017 we began offering franchises for the operation of SwimLabs Franchised Businesses ("**SwimLabs Businesses**") in a "Dual Brand Location" in conjunction with a SafeSplash Business or Swimtastic Business. We began offering franchises for the operation of Swimtastic Franchised Businesses ("**Swimtastic Businesses**") in December 2015. We have not offered franchises in any other line of business.

Our immediate parent company is SafeSplash Holdings, LLC ("**SafeSplash Holdings**"), a Colorado limited liability company that was formed on July 17, 2008, with a principal address of 12240 Lioness Way, Parker, Colorado 80134. SafeSplash Holdings has not offered franchises in any line of business. On December 6, 2018, Streamline Holdings, LLC ("**Streamline Holdings**"), a Delaware limited liability company that was formed on November 26, 2018, acquired SafeSplash Holdings. Streamline Holdings has a principal address of 12240 Lioness Way, Parker, Colorado 80134. Streamline Holdings has not offered franchises in any line of business. Quad Partners, LLC, a Delaware limited liability company is the majority owner and ultimate parent of Streamline Holdings. The principal address for Quad Partners, LLC is 570 Lexington Avenue, 36th Floor, New York, New York, 10022.

On November 13, 2015, we acquired the assets comprising the Swimtastic® franchise system from Swimtastic Corporation, a Wisconsin corporation ("**Swimtastic**") and Swimtastic's affiliate, Swimtastic Swim School, Inc., a Wisconsin corporation, in a predominantly equity-based transaction. These assets include Swimtastic's then existing franchise agreements and area development agreement. Swimtastic offered franchises from 2002 until our acquisition. Swimtastic did not offer franchises in any other line of business. As a result of that acquisition, we have operated the Swimtastic franchise system since November 13, 2015. From December 2015 until March 2017, we offered Swimtastic Businesses by using a separate Franchise Disclosure Document. Other than those listed above, Swimtastic has not offered franchises in any other line of business.

On February 9, 2017, we acquired the assets comprising the SwimLabs® franchise system from SwimLabs & Rehab Holding Company, Inc., a Colorado corporation ("**SL**") and SL's affiliate, SwimLabs International, LLC, a Colorado limited liability company ("**SL International**"), in a predominantly equity-based transaction. These assets include SL and SL International's then existing franchise agreements and license agreements. SL offered franchises from 2012 until our acquisition. SL did not offer franchises in any other line of business. A list of the open SwimLabs franchised outlets we acquired through the SwimLabs acquisition is included in **Exhibit E**. **Exhibit E** also includes SwimLabs licensees who have been granted the right to use the SwimLabs trademark but are not subject to the same rights and obligations contained in the Franchise Agreement. It is possible these license agreements could be re-characterized as franchise agreements under the laws of certain states, particularly in cases in which no franchise exemption is available. As a result of that acquisition, we have operated the SwimLabs franchise system since February 9, 2017. From February 2017 until March 2018, we offered SwimLabs Businesses by using a separate Franchise Disclosure Document. Other than those listed above, SL & SL International have not offered franchises in any other line of business.

We offer products and supplies to franchisees. We do not engage in any other business activities. We have never offered franchises in any other line of business. We have not had any predecessors during the ten (10) year period immediately before the close of our most recent fiscal year ended December 31, 2021.

The following is a list of affiliate companies ("**Affiliates**"):

1. SafeSplash HQ, LLC ("**HQ**") is a Colorado limited liability company that was formed on December 6, 2012. HQ offers enhanced administrative services to franchisees, including a customer relationship management system, a call center, billing services, collection services, website management and scheduling services. The principal place of business for HQ is 12240 Lioness Way, Parker, Colorado 80134. HQ does not offer franchises in this or any other line of business.

2. SafeSplash DFW, LLC ("**DFW**") is a Colorado limited liability company that was formed on October 15, 2010. The principal place of business for DFW is 12240 Lioness Way, Parker, Colorado 80134. Before our formation, DFW offered licenses for the right to operate SafeSplash Businesses. In addition, DFW collects Gross Revenues from the franchisees' customer payments and contracts with SafeSplash HQ to perform Enhanced Services for the franchisees. DFW does not offer franchises in this or any other line of business.

3. Swim Schools of America, LLC ("**Swim Schools of America**") is a Colorado limited liability company that was formed on October 31, 2004. Swim Schools of America offers real estate services to franchisees. The principal place of business for Swim Schools of America is 12240 Lioness Way, Parker, Colorado 80134. Swim Schools of America does not offer franchises in this or any other line of business.

4. SafeSplash Wholesale, LLC ("**Wholesale**") is a Colorado limited liability company that was formed on November 19, 2015. Wholesale offers retail products directly to consumers through sites such as Amazon.com and offers wholesale products to franchisees. The principal place of business for Wholesale is 12240 Lioness Way, Parker, Colorado 80134. Wholesale does not offer franchises in this or any other line of business.

5. SafeSplash Swim School Parker, LLC ("**Parker**") is a Colorado limited liability company that was formed on September 17, 2008. Parker operated four SafeSplash Businesses in the San Antonio, Texas area until November 2017, when its assets were sold to a third party. Parker operated one SafeSplash Business in McLean, Virginia, until November 2, 2021. As of the issuance date of this Franchise Disclosure Document, Parker operates one Miller Swim School® business in Tulsa, Oklahoma, and one Miller Swim School business in Jenks, Oklahoma. On December 17, 2021, Parker acquired the assets comprising the instructional swim businesses operating under the Miller Swim School brand from Aquatic Centre of Tulsa, Inc., Miller Swim School West, LLC, ShopMillerSwim, LLC, and Larry Miller and Rita Miller. These Miller Swim School businesses are substantially similar to Franchised Businesses but neither of these outlets is a franchised business. As of the issuance date of this Franchise Disclosure Document, Parker operates one AquaSafe Swim School business in Scottsdale, Arizona, and one AquaSafe Swim School business in Gilbert, Arizona. On April 30, 2022, Parker acquired the assets comprising the instructional swim businesses operating under the AquaSafe brand from Aquasafe Swim School, LLC, and

Thomas Spivey and Gail Kitterman. These AquaSafe Swim School businesses are substantially similar to Franchised Businesses but neither of these outlets is a franchised business. As of the issuance date of this Franchise Disclosure Document, Parker also operates one SafeSplash Business in Sterling, Virginia, and one SafeSplash Business in Jessup, Maryland. The principal place of business for Parker is 12240 Lioness Parkway, Parker, Colorado 80134. Parker has operated at least one business of the type to be operated by you here since 2006. Parker does not offer franchises in this or any other line of business. Parker does not provide any products or services to our franchisees.

6. Saf-T-Swim, LLC ("**STS, LLC**") is a Delaware limited liability company that was formed on May 3, 2019. On September 16, 2019, STS, LLC acquired the assets comprising the instructional swim businesses operating under the Saf-T-Swim brand from numerous entities controlled by James Hazen, Susan Hazen and Richard Norrby. STS, LLC operates the Saf-T-Swim outlets acquired in that acquisition; none of these outlets is a franchised business. As of the issuance date of this Franchise Disclosure Document, STS, LLC operates twelve outlets. The Saf-T-Swim outlets provide private "learn to swim" lessons for children and adults on Long Island, New York. As of the Issuance Date no SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses are operating on Long Island, New York. The principal place of business for STS, LLC is 12240 Lioness Way, Parker, Colorado 80134. STS, LLC does not offer franchises in this or any other line of business. Additionally, neither STS, LLC nor we anticipate offering Saf-T-Swim franchises in the immediate future. STS does not provide any products or services to our franchisees.

On June 6, 2022, Youth Enrichment Brands, LLC, a Delaware limited liability company, with a principal business address at 1010 B Street, Suite 450, San Rafael, California 94901 ("**Buyer**"), pursuant to the closing of a transaction contemplated in that certain Purchase Agreement and Plan of Merger entered into with Streamline Holdings, acquired a controlling ownership interest in Streamline Holdings and of the SafeSplash, Swimtastic and SwimLabs brands, including the franchise systems (the "**Transaction**").

The Buyer is affiliated with Roark Capital Management, LLC, an Atlanta-based limited liability company, which manages private equity funds affiliated with Roark Capital, an Atlanta-based private equity firm. These private equity funds have made investments in consumer and business services companies, with a specialization in franchised and multi-location business models in restaurant, specialty retail, consumer and business services and youth enrichment, health, wellness and beauty sectors. Among its current investments are i9 Sports, U.S. Sports Camps, Mathnasium, Primrose Schools, Inspire Brands (the owner of Arby's, Baskin Robbins, Buffalo Wild Wings, Dunkin", Jimmy John's, Rusty Taco and Sonic), FOCUS Brands (the owners of Auntie Anne's Pretzels, Carvel Ice Cream, Cinnabon, Jamba, McAlister's Deli, Moe's Southwest Grill and Schlotzsky's) and CKE Restaurants (the owners of Carl's Jr. and Hardee's).

It is anticipated that our senior leadership team will remain the same after the closing of the Transaction. Additionally, the Transaction will have no impact on the current franchise agreements and area development agreements pursuant to which franchisees operate their businesses.

Through control with private equity funds managed by Roark Capital Management, LLC, we are affiliated with the following franchise programs ("**Affiliated Programs**"). None of these affiliates operate a SafeSplash, SwimLabs or Swimtastic franchise.

Focus Brands Inc. ("**Focus Brands**") is the indirect parent company to seven franchisors, including: Auntie Anne's Franchisor SPV LLC ("**Auntie Anne's**"), Carvel Franchisor SPV LLC ("**Carvel**"), Cinnabon Franchisor SPV LLC ("**Cinnabon**"), Jamba Juice Franchisor SPV LLC ("**Jamba Juice**"), McAlister's Franchisor SPV LLC ("**McAlister's**"), Moe's Franchisor SPV LLC ("**Moe's**"), and Schlotzsky's Franchisor SPV LLC ("**Schlotzsky's**"). All 7 Focus Brands franchisors have a principal place of business at 5620 Glenridge Drive NE, Atlanta, GA 30342 and have not offered franchises in any other line of business.

Auntie Anne's franchises Auntie Anne's® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne's system became affiliated with Focus Brands through an acquisition. Auntie Anne's predecessor began offering franchises in January 1991. As of December 31, 2021, there were approximately 1,126 franchised facilities and 12 affiliate-owned facilities in the United States and approximately 748 franchised facilities operating outside the United States.

Carvel franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes in the United States and a producer of premium soft-serve ice cream. The Carvel system became an Affiliated Program in October 2001 and became affiliated with Focus Brands in November 2004. Carvel's predecessor began franchising retail ice cream shoppes in 1947. As of December 31, 2021, there were 325 domestic retail shoppes (including one shoppe co-branded in a Schlotzsky's restaurant operated by our affiliate), 31 international retail shoppes, and three foodservice locations operated by independent third parties that offer Carvel® ice cream and frozen desserts including cakes and ice cream novelties.

Cinnabon franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses independent third parties to operate domestic and international franchised Cinnabon® bakeries and Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries, and to use the Cinnabon trademarks on products dissimilar to those offered in Cinnabon bakeries. In November 2004, the Cinnabon system became affiliated with Focus Brands through an acquisition. Cinnabon's predecessor began franchising in 1990. As of December 31, 2021, franchisees operated 938 Cinnabon retail outlets in the United States and 810 Cinnabon retail outlets outside the United States and 170 Seattle's Best Coffee units outside the United States. As of December 31, 2021, Cinnabon LLC operated one affiliate-owned Cinnabon retail outlet in the United States.

Jamba franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. Jamba has offered JAMBA® franchises since October 2018. In October 2018, Jamba became affiliated with Focus Brands through an acquisition. Jamba's predecessor began franchising in 1991. As of December 31, 2021, there were approximately 747Jamba franchised stores in the United States and 64 franchised Jamba stores outside the United States, and three affiliate-owned Jamba stores in the United States.

McAlister's offers full-size and non-traditional fast casual restaurants offering counter-service, on-premises and take-out services featuring a complete or limited line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products under the names MCALISTER'S DELI® or MCALISTER'S SELECT®. McAlister's system became an Affiliated Program through an acquisition in July 2005, and the McAlister's system became affiliated with Focus Brands in October 2013. McAlister's or its predecessor have been franchising since 1999. As of December 31, 2021, there were 472 domestic franchised McAlister's restaurants and 33 affiliate-owned restaurants.

Moe's franchises Moe's Southwest Grill® fast casual restaurants which feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with Focus Brands through an acquisition. Moe's predecessor Southwest Grill franchises in 2001. As of December 31, 2021, there were 658 franchised Moe's Southwest Grill restaurants operating in the United States, one franchised restaurant operating outside the United States, and one affiliate-owned restaurant operating in the United States.

Schlotzsky's franchises Schlotzsky's® quick-casual restaurants which feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with Focus Brands through an acquisition. Schlotzsky's restaurant franchises have been offered since 1976. As of December 31, 2021, there were 300 franchised Schlotzsky's restaurants and 24 affiliate-owned Schlotzsky's restaurants.

Inspire Brands ("**Inspire Brands**") is a global multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to seven franchisors, including: Arby's Franchisor, LLC ("**Arby's**"), Baskin-Robbins Franchising LLC ("**Baskin-Robbins**"), Buffalo Wild Wings International, Inc. ("**Buffalo Wild Wings**"), Dunkin' Donuts Franchising LLC ("**Dunkin'**"), Jimmy John's Franchisor SPV, LLC ("**Jimmy John's**"), Rusty Taco, Inc. ("**Rusty Taco**"), and Sonic Franchising LLC ("**Sonic**"). All seven Inspire Brands franchisors have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328 and, other than as described below for Arby's, have not offered franchises in any other line of business.

Arby's is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965 and, as of January 2, 2022, there were approximately 3,407 Arby's restaurants operating in the United States (2,291 franchised and 1,116 company-owned), and 160 franchised Arby's restaurants operating internationally. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts including T. J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed.

Buffalo Wild Wings is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under Buffalo Wild Wings® name ("**Buffalo Wild Wings Sports Bars**") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("BWW-GO Restaurants"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of January 2, 2022, there were 1,196 Buffalo Wild Wings Sports Bars operating in the United States (534 franchised and 662 company-owned) and 76 Buffalo Wild Wings or B-Dubs restaurants operating outside the United States (64 franchised and 12 company-owned). As of January 2, 2022, there were 16 BWW-GO Restaurants operating in the United States (one franchised and 15 company-owned).

Rusty Taco is the franchisor of Rusty Taco® (formerly R Taco®) restaurants. Rusty Taco has offered franchises for Rusty Taco restaurants since May 2015, but its predecessors have been franchising Rusty Taco restaurants since 2010. As of January 2, 2022, there were 36 Rusty Taco restaurants (32 franchised and 4 company-owned) in operation.

Sonic is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic restaurants since May 2011. As of January 2, 2022, there were 3,552 Sonic Drive-Ins (3,232 franchised and 320 company-owned) in operation.

Jimmy John's is a franchisor of restaurants operating under the Jimmy John's® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. Jimmy John's and its predecessor have been franchising since 1993 and, as of January 2, 2022, had 2,657 restaurants operating in the United States (2,616 franchised and 41 affiliate-owned).

Dunkin' is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises for Dunkin' restaurants since March 2006 and, as of December 25, 2021, there were 9,244 franchised Dunkin' restaurants operating in the United States and an additional 3,713 operating in 39 countries.

Baskin-Robbins franchises Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises for Baskin-Robbins restaurants since March 2006 and, as of December 25, 2021, there were 2,276 franchised Baskin-Robbins restaurants in the United States and an additional 5,394 operating internationally in 54 countries and Puerto Rico.

Primrose School Franchising SPE, LLC ("**Primrose**") is a franchisor that offers franchises for the establishment, development and operation of educational childcare facilities serving families with children from 6 weeks to 12 years old operating under the Primrose® name. Primrose's principal place of business is 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339. Primrose became an Affiliated Program through an acquisition in June 2008. Primrose and its affiliates have been franchising since 1988 and as of December 31, 2021, had 465 franchised facilities. Primrose has not offered franchises in any other line of business.

Pet Valu Canada Inc. ("**Pet Valu**") is a franchisor that offers franchises for specialty retail stores operating under the trademark Pet Valu® that sell food and supplies for dogs, cats, birds, fish, reptiles and small animals. Pet Valu's principal place of business is 130 Royal Crest Court, Markham, Ontario L3R 0A1. Pet Valu became an Affiliated Program through an acquisition in August 2009. Pet Valu has been franchising since 1987. As of January 2, 2022, the Pet Valu enterprise operated stores in Canada under 5 different banners: (i) 633 Pet Valu branded stores with 406 franchised stores and 227 company-owned stores; (ii) 16 Paulmac's Pet Foods-branded stores consisting of 14 franchised and 2 company-owned stores; (iii) 80 Bosley's Pet Food Plus-branded stores in British Columbia, Canada consisting of 36 franchised and 44 company-owned stores; (iv) 9 company-owned Tisol-branded stores; and (v)16 company-owned Total Pet-branded stores. Pet Valu stores have not offered franchises in any other line of business and currently only offers franchises for the operation of Pet Valu stores in Canada. Pet Supermarket, an affiliate of Pet Valu through common ownership and/or control, operated 218 Pet Supermarket company-owned stores at the end of fiscal year 2021.

ME SPE Franchising, LLC ("**Massage Envy**") is a franchisor of businesses that offers professional therapeutic massage services, facial services and related goods and services under the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2021, there were 1,110 franchised Massage Envy locations operating in the United States. Additionally, Massage Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2021, there were 10 regional developers operating 12 regions in the United States. Massage Envy has not offered franchises in any other line of business.

CKE Inc. (“**CKE**”), through two indirect wholly-owned subsidiaries (Carl’s Jr. Restaurants LLC and Hardee’s Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl’s Jr.® and Hardee’s ® trade names and business systems. Carl’s Jr. restaurants and Hardee’s restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee’s Restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl’s Jr. Restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. CKE Inc.’s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee’s restaurants have been franchised since 1961. As of January 31, 2022, there were 202 company-operated Hardee’s restaurants, including 12 Hardee’s/Red Burrito Dual Concept restaurants, and there were 1,550 domestic franchised Hardee’s restaurants, including 150 Hardee’s/Red Burrito Dual Concept restaurants. Additionally, there were 425 franchised Hardee’s restaurants operating outside the United States. Carl’s Jr. restaurants have been franchised since 1984. As of January 31, 2022, there were 48 company-operated Carl’s Jr. restaurants, and there were 1,018 domestic franchised Carl’s Jr. restaurants, including 270 Carl’s Jr./Green Burrito Dual Concept restaurants. In addition, there were 566 franchised Carl’s Jr. restaurants operating outside the United States, including one Carl’s Jr. Green Burrito Dual Concept restaurant. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

Driven Holdings, LLC (“**Driven Holdings**”) is the indirect parent company to 10 franchisors, including Meineke Franchisor SPV LLC (“**Meineke**”), Maaco Franchisor SPV LLC (“**Maaco**”), Drive N Style Franchisor SPV LLC (“**DNS**”), Econo Lube Franchisor SPV LLC (“**Econo Lube**”), Merlin Franchisor SPV LLC (“**Merlin**”), CARSTAR Franchisor SPV LLC (“**CARSTAR**”), 1-800-Radiator Franchisor SPV LLC (“**1-800-Radiator**”), Take 5 Franchisor SPV LLC (“**Take 5**”), ABRA Franchisor SPV LLC (“**ABRA**”) and FUSA Franchisor SPV LLC (“**FUSA**”). In April 2015, Driven Holdings and its franchised brands at the time (Meineke, Maaco, DNS, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, DNS, Econo Lube, Merlin, CARSTAR, Take 5, ABRA and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800-Radiator’s principal business address is 4401 Park Road, Benicia, California 94510. All 10 franchisors have not offered franchises in any other line of business.

Meineke franchises automotive centers which offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke’s affiliate has owned and operated Meineke centers on and off since March 1991. As of December 25, 2021, there were 698 Meineke centers, 26 Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

Maaco and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 25, 2021, there were 411 franchised Maaco centers and no company-owned Maaco centers in the United States.

DNS is the franchisor of 3 franchise systems: Drive N Style® franchises, AutoQual® franchises and Aero Colours® franchises. DNS and its predecessors have offered Drive N Style franchises since October 2006.

A Drive N Style business offers both interior and exterior reconditioning and maintenance services, exterior paint repair and refinishing services and interior and exterior protection services for consumer vehicles. As of December 25, 2021, there were 31 Drive N Style franchises and no company-owned Drive N Style businesses in the United States. DNS and its predecessors have offered AutoQual franchises since February 2008. AutoQual businesses offer various services relating to the interior of automotive vehicles, including, among other things, cleaning, deodorizing, dyeing, and masking of carpets, seats, and trim. As of December 25, 2021, there were 8 AutoQual franchises and no company-owned AutoQual businesses in the United States. DNS and its predecessors have offered Aero Colours franchises since 1998. Aero Colours businesses offer various services related to the exterior of automotive vehicles, including paint touch-up, repair and refinishing that is performed primarily on cars at automobile dealerships or at the customer's home or place of business. As of December 25, 2021, there were 2 Aero Colours franchises and no company-owned Aero Colours businesses in the United States.

Merlin franchises shops which provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin 200,000 Mile Shops" and "Merlin Shops" since February 2006. As of December 25, 2021, there were 24 Merlin franchises and no company-owned Merlin shops located in the United States.

Econo Lube offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under the name "Econo Lube N' Tune" in 1985. As of December 25, 2021, there were 10 Econo Lube N' Tune franchises and 12 Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

1-800-Radiator franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 25, 2021, there were 193 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 25, 2021, owned and operated 1 1-800-Radiator warehouse in the United States.

CARSTAR offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 25, 2021, there were 419 franchised CARSTAR facilities and 10 company-owned facilities operating in the United States.

Take 5 franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 25, 2021, there were 134 franchised Take 5 outlets operating in the United States. An affiliate of Take 5 currently operates approximately 536 Take 5 outlets and outlets that operate under other brands, including Havoline Xpress, many of which may be converted to the Take 5 brand and operating platform in the future.

ABRA franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. ABRA and its predecessor have offered ABRA franchises since 1987. As of December 25, 2021, there were 63 franchised ABRA repair centers and no company-owned repair centers operating in the United States.

FUSA franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 25, 2021, there were 181 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA's affiliate pursuant to a franchise agreement with FUSA.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) Meineke Canada SPV LP and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) Maaco Canada SPV LP and its predecessors have offered Maaco center franchises in Canada since 1983; (3) 1-800-Radiator Canada, Co. has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) Carstar Canada SPV LP and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) Take 5 Canada SPV LP and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) Driven Brands Canada Funding Corporation and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) Go Glass Franchisor SPV LP and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) Star Auto Glass Franchisor SPV LP and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012. These franchisors have not offered franchises in any other line of business.

As of December 25, 2021, there were: (i) 27 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 17 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 7 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 323 franchised CARSTAR facilities and 4 company-owned CARSTAR facilities in Canada; (v) 31 franchised Take 5 outlets and 8 company-owned Take 5 outlets in Canada; (vi) 23 franchised UniglassPlus businesses, 30 franchised UniglassPlus/Ziebart businesses, and 5 franchised Uniglass Express businesses in Canada, and 4 company-owned UniglassPlus businesses and 1 company-owned UniglassPlus/Ziebart business in Canada; (vii) 7 franchised VitroPlus businesses, 60 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 3 company-owned VitroPlus businesses and 1 company-owned VitroPlus/Ziebart business in Canada; (viii) 31 franchised Docteur du Pare Brise businesses and 2 company-owned Docteur du Pare Brise businesses in Canada; (ix) 12 franchised Go! Glass & Accessories businesses and no franchised Go! Glass businesses in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

ServiceMaster Systems LLC is the direct parent company to five franchisors operating in the United States: AmeriSpec SPE LLC ("**AmeriSpec**"), Furniture Medic SPE LLC ("**Furniture Medic**"), Merry Maids SPE LLC ("**Merry Maids**"), ServiceMaster Clean/Restore SPE LLC ("**ServiceMaster**") and Two Men and a Truck SPE LLC ("**Two Men and a Truck**"). AmeriSpec, Furniture Medic, Merry Maids, and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021.The five franchisors have a principal place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

AmeriSpec franchises home and commercial inspection businesses under the AmeriSpec® mark. AmeriSpec' s predecessor began offering franchises in 1988. As of December 31, 2021, AmeriSpec had 182 franchises in the United States.

Furniture Medic franchises furniture restoration, repair, and refinishing businesses under the Furniture Medic® mark. Furniture Medic's predecessor began offering franchises in August 1992. As of December 31, 2021, Furniture Medic had 195 franchises in the United States.

Merry Maids franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2021, Merry Maids had 996 franchises in the United States.

Two Men and a Truck franchises businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark. Two Men and a Truck's predecessor began offering franchises in February 1989. As of December 31, 2021, Two Men and a Truck had 284 franchises and three company-owned locations operating in the United States.

ServiceMaster franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2021, ServiceMaster had operating in the United States 713 ServiceMaster Clean franchises and 2,294 ServiceMaster Restore franchises operating in the United States.

Affiliates of ServiceMaster Systems LLC also offer franchises for operation outside the United States. Specifically, ServiceMaster of Canada Limited offers franchises in Canada, ServiceMaster Limited offers franchises in Great Britain and Two Men and a Truck offers franchises in Canada, Ireland and the United States.

NBC Franchisor LLC ("**NBC**") franchises gourmet bakeries which offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 4560 Belt Line Road, Suite 350, Addison, Texas 75001. As of December 31, 2021, there were 409 Northing Bundt Cake franchises and 16 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

Mathnasium Center Licensing, LLC ("**Mathnasium**") franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium began offering franchises in late 2003. Mathnasium became an Affiliated Program through an acquisition in November 2021. Mathnasium has a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056. As of December 31, 2021, there were 948 Mathnasium franchises in the United States and its parent company operated three Mathnasium centers in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium Center Licensing, LLC also offer franchises for operation outside the United States. Mathnasium Center Licensing Canada, Inc. has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2021, there were 87 franchised Mathnasium centers in Canada. Mathnasium International Franchising, LLC has offered franchises outside the United States and Canada since May 2015. As of December 31, 2021, there were 65 franchised Mathnasium centers outside the United States and Canada. Mathnasium Center Licensing, LLC, Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC have a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

i9 Sports, LLC ("**i9**") franchises businesses that operate, market, sell and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 became an Affiliated Program through an acquisition in September 2021. i9 has a principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2021, there were 192 i9 Sports franchises and one company-owned location. i9 has never offered franchises in any other line of business.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

Our agent for service of process is SafeSplash Holdings, LLC, which has a principal place of business at 12240 Lioness Way, Parker, Colorado 80134. Our state agents for service of process are disclosed on **Exhibit A**.

The Franchise

We offer franchises for the use of our trademarks, trade names, service marks and logos ("**Marks**") for the operation of Franchised Businesses offering "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities and the sale of related products. The Franchised Businesses are operated under a business format per a unique system, including our valuable know-how, information, trade secrets, methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs and research / development connected with the operation and promotion of SafeSplash Businesses, SwimLabs Businesses (in a Dual Brand Location) or Swimtastic Businesses ("**System**"). We reserve the right to change or otherwise modify the System at any time in our sole discretion.

SafeSplash Businesses, SwimLabs Businesses (in a Dual Brand Location) and Swimtastic Businesses offer various "learn to swim" programs for children and adults, birthday parties, camps, and other swimming-related activities ("**Services**"). The only significant differences between SafeSplash Businesses and Swimtastic Businesses relate to the marks associated with the respective brands, as well as their geographic locations. With respect to the latter, the geographic reach of the Swimtastic brand currently extends into parts of the Midwest or Florida, while the geographic reach of the SafeSplash brand extends more broadly throughout the United States. The SwimLabs Businesses (which must be operated in a Dual Brand Location) offers advanced swimming skill level instruction and aquatic training enabled with video capture and stroke analysis in flow pools / tanks**.**

We offer three formats of Franchised Businesses:

1. Dual Brand Location: You lease or purchase a Dedicated Location (defined below) for the operation of a Franchised Business that combines features from both a SwimLabs Business and either a SafeSplash Business or Swimtastic Business with a tank (or tanks) with water current and accordingly, operates under two brands ("**Dual Brand Location**"). Specifically, expanding the offerings of a SafeSplash Business or Swimtastic Business to include the more technical approach to swim instruction associated with a SwimLabs Business, such as providing advanced instruction

and 360-degree video review within flow pools / tanks, may enable a franchisee operating a Dual Brand Location to offer a wider set of services to multiple segments within the swim instruction market.

2. Dedicated Location: You lease or purchase a physical location with a swimming pool (either a stand-alone building or in-line retail space) or the operation of the Franchised Business ("**Dedicated Location**"). We do not offer SwimLabs Businesses in the Dedicated Location format.

3. Hosted Location: You lease the use of a swimming pool for the operation of the Franchised Business in a third-party fitness center, health club, diving facility or other facility with a pool ("**Hosted Location**"). We do not offer SwimLabs Businesses in the Hosted Location format.

In addition to the support you will receive under our traditional royalty model ("**Royalty Model**"), which includes a royalty of 6% of Gross Revenues ("**Royalty**"), we offer an optional enhanced services support model ("**Enhanced Services Model**"). Under the Enhanced Services Model, you will pay an additional 10% of the Gross Revenues generated by your Franchised Business (which results in a total payment of 16% of Gross Revenues when including the Royalty already required under the Royalty Model). The Enhanced Services Model includes the following services which we will provide through an affiliate of ours or a third-party designee:

Call Center Services: We or our designee will answer inbound phone calls and respond to client inquiries about all services offered, level selection, account set up and class enrollment, class scheduling and rescheduling, billing invoice review, account and enrollment updates, and all other requests and inquires as authorized by us (collectively, "**Call Center Services**"). Responses and resolution will be unique based on location specific and published guidelines. If follow up is needed, the call center will initiate outbound calls and or email to close client inquiry on behalf of us. We or our designee will work leads on new customers by making outbound calls and assisting with program/enrollment questions. Emails will also be sent to initiate customer contact and complete enrollments. We or our designee will answer all emails received via more information inquires. These emails may originate from the location website or "contact us" option. Email assistance includes responding to all customer inquiries as noted above for calls. Email engagement includes back and forth communication with customers until the inquiry is closed. We or our designee will answer all chats from customers. Chats will be both proactive or manual in origination. Chat representatives will respond to all client inquires as noted for calls and email. We or our designee will provide Spanish language services for both calls and emails. The Call Center Services service level commitments we currently strive for are as follows:

- Answer 80% of calls within 30 seconds
- Answer 90% of all inbound calls
- Achieve call abandon rate of less than 5%
- Respond to email in less than 48 hours
- Respond to chat within 30 seconds

Billing Services: We or our designee will complete billing for all accounts multiple times each month (collectively, "**Billing Services**"). Billing Services includes processing of classes charges, fees, and credits via credit and debit cards. Cash or check transactions will be managed by you and will be reported to us or our designee on a monthly basis. We or our designee will follow up on all uncollected funds due to credit card refusals. Calls will be made to customers to resolve balance. We or our designee will remove clients from classes if payment is not collected. We or our designee will work all dispute charges and respond to chargeback documentation requests to prove accuracy of charges and to attempt to mitigate your losses. The Billing Services service level commitments we currently strive for are as follows:

- Follow up 1 time per phone and 2 times per email on all accounts with failed payment approval.
- Remove all non-paid customers from lessons within 8 business days of billing
- Process all chargeback transaction within regulatory guidelines

School Operating and Management Software: We or our designee will provide access to the school management, serving as the web and mobile application to provide services, manage web- and mobile-based customer interactions, manage customer billing, and provide reporting to you. We or our designee will define the initial configuration of the software based on brand-specific standards and create an account on your behalf based on these standards. We or our designee will monitor, manage, and maintain the software configuration, as needed. We or our designee will provide training for the system via a comprehensive, up-to-date video training library. Software systems support is provided during the dates and times, and via the methods, established by the specified software provider.

Productivity Software: We or our designee can provide access to productivity software to you, which can include web-based productivity applications, a branded email address, cloud storage, as well as chat-based communication and collaboration tools. We or our designee will manage access to and maintain the configuration of this platform, as needed. We or our designee will provide support for this platform, available via email at help@streamlinebrands.com, Monday through Friday, 8:00 a.m. to 5:00 p.m. MT.

You must operate your Franchised Business per our standard operating practices and sign our standard franchise agreement ("**Franchise Agreement**"). We reserve the right to add, modify or delete any Services at any time in our sole discretion. You must also sign a merchant services agreement and a software / technology license agreement from our chosen provider.

As a franchisee, you may operate one Franchised Business for each Franchise Agreement you sign with us. We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple Franchised Businesses in a designated development territory ("**Development Territory**"). If you are purchasing a Development Territory, you must execute our standard area development agreement ("**Area Development Agreement**"). The minimum number of businesses required to be opened by the Area Development Agreement is two. For each Franchised Business, you develop, you must also sign our then-current form of Franchise Agreement, which may materially differ from the Franchise Agreement included within this Franchise Disclosure Document.

Market and Competition

You will sell swim lessons and classes to the general public, primarily to parents of children from the ages of six months to twelve years. The market for swim lessons and classes is developed and competitive. As such, you will be competing for customers with other companies that offer swim lessons and classes. Competitors may include other swim schools, recreational centers and mom / pop swim lessons at private pools. You will also face normal business risks that could have an adverse effect on your Franchised Business. These include industry developments, such as pricing policies of competitors, supply/demand, supply chain disruptions, inflation, and health department forced closures. The market for swim lessons and classes is seasonal, with summer being the busiest time of the year

Regulations

Certain states and local jurisdictions may have enacted laws, rules, regulations and ordinances that apply to swimming pools and the swim school industry and may require, in certain instances, that you obtain certain licenses or permits. These regulations may establish certain standards, specifications and requirements that must be followed by you. You should investigate whether there are any regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and you should consider both their effect and the cost of compliance. You may also be required to register your business location with a state agency.

You must obtain all required licenses and permits and ensure that your employees and others providing Services to customers on behalf of your Franchised Business have all required licenses and permits. The failure to maintain the proper licensing is a material breach of the Franchise Agreement. You must also perform criminal background checks on all of your employees. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224.

ITEM 2
BUSINESS EXPERIENCE

Managing Director and Co-Founder: Matt Lane

Matt Lane has served as a Managing Director & Co-Founder of us since our formation in 2014. He has served as a Managing Director for SafeSplash Holdings, located in Parker, Colorado, since its formation in July 2008 and has served as its Chief Executive Officer since March 2015.

Managing Director & Co-Founder: Paul Gerrard

Paul Gerrard has served as a Managing Director & Co-Founder of us since our formation in 2014. He has also served as a Managing Director for SafeSplash Holdings, located in Parker, Colorado, since its formation in July 2008 and has served as its Chief Operating Officer since October 2014.

Chief Financial Officer: Bryan Hawthorne

Bryan Hawthorne has served as our Chief Financial Officer since November 2021. From September 2020 to October 2021, he devoted his time to his family. He served as the Chief Financial Officer for Secure Medication Systems, LLC, located in Denver, Colorado, from December 2019 to August 2020. From September 2019 to July 2020, he explored potential opportunities. From December 2006 to August 2019, Mr. Hawthorne was the Chief Financial Officer & Chief Operating Officer for A World of Tile, LLC, located in Englewood, Colorado.

Vice President – Company-Owned Schools: Karissa Gerrard

Karissa Gerrard has been the Vice President – Company-Owned Schools for SafeSplash HQ, LLC, located in Parker, Colorado, since October 2016. Ms. Gerrard was the Director of Operations for SafeSplash HQ, LLC, from January 2014 to September 2016.

Vice President of Marketing: Ashley Mitchell

Ashley Mitchell has been our Vice President of Marketing since March 2021. From February 2019 to March 2021, she served as Vice President of Marketing and Communications for Soccer Shots Franchising in Middletown, Pennsylvania. From May 2018 to January 2019, she served as Director of Brand Management for Real Integrated located in Troy, Michigan. From July 2015 to May 2018, Ms. Mitchell was the Marketing Manager for Goldfish Swim School Franchising, LLC located in Troy, Michigan.

Vice President of Launch Operations, Academy and Curriculum: Laurie Abplanalp

Laurie Abplanalp has been our Vice President of Launch Operations, Academy and Curriculum since January 2020. She served as our Director of Launch Operations from January 2018 to December 2019. She served as Senior Manager - SL Franchise Operations & SL Integration from February 2017 to December 2017.

Vice President – Customer Service Center: Lois Evers

Lois Evers has been our Vice President – Customer Service Center since November 2019. She has also been a mentor for SCORE Denver located in Denver, Colorado, since March 2019. She served as Senior Vice President of Operations for Nordstrom Credit located in Englewood, Colorado, from April 2016 to January 2019.

Vice President – Technology and Development: Evan Moser

Evan Moser has been our Vice President – Technology and Development since May 2019. He served as Executive Vice President for Centennial Lending, LLC located in Longmont, Colorado, from June 2009 to May 2019.

Director / Senior Manager – Franchisee Relationships: Taylor Backes

Taylor has been our Director / Senior Manager – Franchise Relationships since October 2016. She served as a Franchise Relationship Manager for SafeSplash HQ, LLC, located in Parker, CO, from October 2015 to October 2016. She was the Customer Service Manager for SafeSplash HQ, LLC from January 2015 to October 2015.

Chief Counsel: Michael Maciszewski

Michael has been our Chief Counsel since January 2020. He served as Vice President, Transactional Services and Operations for Alexius Solutions, LLC, located in Denver, CO, from February 2016 to December 2019. Mr. Maciszewski performs the Chief Counsel role as a contractor.

ITEM 3
LITIGATION

Disclosures Regarding Affiliated Programs

The following affiliates who offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees. None of these actions have any impact on us or our brand nor allege any unlawful conduct by us.

The People of the State of California v. Arby's Restaurant Group, Inc. (California Superior Court, Los Angeles County, Case No. 19STCV09397, filed March 19, 2019). On March 11, 2019, our affiliate, Arby's Restaurant Group, Inc. ("**ARG**"), entered into a settlement agreement with the states of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon and Pennsylvania. The Attorneys General in these states sought information from ARG on its use of franchise agreement provisions prohibiting the franchisor and franchisees from soliciting or employing each other's employees. The states alleged that the use of these provisions violated the states' antitrust, unfair competition, unfair or deceptive acts or practices, consumer protection and other state laws. ARG expressly denies these conclusions but decided to enter into the settlement agreement to avoid litigation with the states. Under the settlement agreement, ARG paid no money but agreed (a) to remove the disputed provision from its franchise agreements (which it had already done); (b) not to enforce the disputed provision in existing agreements or to intervene in any action by the Attorneys General if a franchisee seeks to enforce the provision; (c) to seek amendments of the existing franchise agreements in the applicable states to remove the disputed provision from the agreements; and (d) to post a notice and ask franchisees to post a notice to employees about the disputed provision. The applicable states instituted actions in their courts to enforce the settlement agreement through Final Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance, and similar methods.

The People of the State of California v. Dunkin' Brands, Inc., (California Superior Court, Los Angeles County, Case No. E25636618, filed on March 19, 2019.) On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("**DBI**"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin's franchisees in enforcing that provision. In addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law and, furthermore, that the settlement agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General ("**NYAG**") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and the NYAG entered into a consent agreement to resolve the State's complaint. Under the consent order, DBI agreed to pay $650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

Except for the matters listed above, 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

If you purchase a Franchised Business for a Dual Brand Location, you must pay us an initial franchise fee ("**Initial Franchise Fee**") of $60,000. If you purchase a Franchised Business for a single brand Dedicated Location, you must pay us an initial franchise fee of $50,000. If you purchase a Franchised Business for a single brand Hosted Location, you must pay us an Initial Franchise Fee of $35,000. In each case, the Initial Franchise Fee is due to us at the time you sign the Franchise Agreement and is non-refundable for any reason once paid.

Format	Initial Franchise Fee
Dual Brand Location	$60,000
Dedicated Location (Single brand)	$50,000
Hosted Location (Single brand)	$35,000

During our last fiscal year, we sold two Dual Brand Locations (either a SafeSplash or Swimtastic Business combined with a SwimLabs Business) in the United States, and we collected an Initial Franchise Fee of $60,000 for each franchise.

During our last fiscal year, we sold 12 SafeSplash Business franchises in the United States, all of which were Hosted Locations. For these franchises, we collected Initial Franchise Fees ranging from $20,000 to $35,000 based on the number of locations, the formats purchased and previous contract commitments.

Area Development Rights

We offer to select qualified persons the opportunity to acquire the exclusive right to develop and operate multiple Franchised Businesses in a designated Development Territory by executing an Area Development Agreement. The minimum number of businesses required to be opened by the Area Development Agreement is two. If we agree to grant you the right to develop two or more Franchised Businesses, you must meet our then-current franchise qualification standards and sign our then-current form of Franchise Agreement prior to the time you begin developing each Franchised Business. The grant of the second and any subsequent Franchised Businesses is subject to our ability to comply with all applicable laws regarding the sale of the franchises and the availability of acceptable locations in the Development Territory. We will use reasonable efforts to permit you to acquire additional franchises. However, we do not guarantee that a franchise will be granted to you or any other franchisee.

If you are approved to purchase more than one Franchised Business and enter into an Area Development Agreement, the Initial Franchise Fee will range from $35,000 to $60,000 for the first Franchised Business to be developed under the Area Development Agreement and the reduced Initial Franchise Fee ("**Reduced Initial Franchise Fee**") for each subsequent Franchised Business will vary based on the number and format of subsequent Franchised Business to be developed under the Area Development Agreement according to the following chart:

	Initial Franchise Fee for first location in any Area Development Agreement	Reduced Initial Franchise Fee (per location) for second and third locations under Area Development Agreement with three locations to be developed	Reduced Initial Franchise Fee (per location) for second and all subsequent locations under Area Development Agreement with five or more locations to be developed
Dual Brand Location (Royalty Model or Enhanced Services Model)	$60,000	$55,000	$50,000
Dedicated Location Single brand (Royalty Model or Enhanced Services Model)	$50,000	$45,000	$40,000
Hosted Location Single brand (Royalty Model or Enhanced Services Model)	$35,000	$30,000	$25,000

At the time of executing the Area Development Agreement, you must pay the Initial Franchise Fee for the first Franchised Business to be developed under the Area Development Agreement plus a deposit ("**Deposit**") equal to 50% of the sum of the Reduced Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under the Area Development Agreement. In all circumstances the Initial Franchise Fees, Deposits and Reduced Initial Franchise Fees are fully earned immediately upon being paid to us and are nonrefundable, regardless of whether you open any of the Franchised Businesses you are obligated to open under the Area Development Agreement. However, each Deposit will be credited against the Reduced Initial Franchise Fee you must pay when you open any of the subsequent Franchised Businesses. Specifically, when you open any of the subsequent Franchised Businesses under the Area Development Agreement, the portion of the Deposit corresponding to that particular subsequent Franchised Business (i.e., 50% of the Reduced Initial Franchise Fee for that Franchised Business) will be credited against the Reduced Initial Franchise Fee you must pay for that Franchised Business.

If you form an entity to open any of the additional Franchised Businesses within the Development Territory, you must own at least 51% of the issued equity securities or membership interests in each entity. You must provide us with necessary documentation to show your ownership interest.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty† (1)	6% of Gross Revenues of your Franchised Business.	In connection with each customer transaction associated with your Franchised Business, this amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us under the Franchise Agreement) at the same time the remainder of Gross Revenues from such transaction is disbursed to you. Additionally, for all ancillary transactions, such as parties and retail sales, this amount will be collected via electronic funds transfer ("**EFT**") on a quarterly basis after you submit a report to us and we invoice you.	Required of all franchisees.
Enhanced Services Fee† (2)	10% of Gross Revenues of your Franchised Business.	In connection with each customer transaction associated with your Franchised Business, this amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us)	In addition to the Royalty if you select the Enhanced Services Model.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
		at the same time the remainder of Gross Revenues from such transaction is disbursed to you.	
Strategic Marketing and Promotions Fee† (3)	2% of Gross Revenues.	In connection with each customer transaction associated with your Franchised Business, this amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us) at the same time the remainder of Gross Revenues from such transaction is disbursed to you.	Required of all franchisees.
Local Advertising Expense (4)	Within the time frame from 90 days before you open and 30 days after you open, you must spend at least $5,000 (for a Hosted Location) or $25,000 (for a Dedicated Location or Dual Brand Location). Thereafter, you must spend 2% of Gross Revenues.	As incurred for the expense relating to your first 90 days. Annually thereafter.	Required of all franchisees. You will need to provide us with a detailed summary of your expenses.
Hosted Location Fee † (5)	Currently ranges from 15% to 22.5% of Gross Revenues as set by the Hosted Location owner or the base rent of $2,500 (whichever is greater), depending on the agreement we reach with each respective Hosted Location owner.	This amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us) at the same time the remainder of Gross Revenues from such	When you operate in a Hosted Location we contract for directly, we will collect an additional amount of Gross Revenues equal to the remuneration due and owing to the Hosted Location's owner under our agreement with the Hosted Location's owner relating to your use of the Hosted Location. We will then disburse such amount to

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
		transaction is disbursed to you.	the Hosted Location's owner. There will be no Hosted Location Fee charged for facilities which you contract for directly.
Cooperative Advertising	Proportional share to be determined, but not to exceed 2% of Gross Revenues.	Monthly.	Payable only if a Cooperative is formed in your Authorized Territory.
Swim Software License Fee†	The current fee per year is $720 per system.	Annually.	This fee is paid directly by you to our third-party provider to maintain your license to use the Swim Software (as detailed in ITEM 11). The amount of this fee may change at any time after our third-party provider has given you written notice. This fee only applies to SwimLabs (in a Dual Brand Location) branded facilities.
Technology Fee†	The current fee is $400 per month. We reserve the right to change the amount of the Technology Fee after providing you with 30 days' written notice.	Monthly.	The Technology Fee is payable to us as a separate fee in the event that you are not utilizing the Enhanced Services Model. The Technology Fee will cover costs associated with the third-party, cloud-based software ("**School Operating and Management Software**") that will assist your Franchised Business in registration, customer service, payment processing, and other related services including, but not limited to, third-party software licensing fees and technical and administrative support provided by us or a designee of ours. If you are using the Enhanced Services Model, the Technology Fee is

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			included in the Enhanced Services Fee.
Client Cloud Portal Access Fee†	The current fee per year is $125 per system.	As incurred and paid yearly.	This fee is paid to us to maintain your license that permits your clients’ remote access to their swim lesson and analysis via the Client Cloud Portal Access program. We may change this fee at any time and in any amount after giving you at least 30 days written notice. Fee only applies to SwimLabs (in a Dual Brand Location) branded facilities.
Inventory Purchases† (6)	Will vary based on needs.	On placement of order.	Our Affiliate will charge you for the products you purchase.
Successor Franchise Fee†	10% of the then-current Initial Franchise Fee.	Upon execution of a Successor Franchise Agreement.	If you sign a Successor Franchise Agreement, you will pay 10% of the then-current Initial Franchise Fee.
Audit Fee†	Cost of inspection or audit.	As incurred.	Payable only if you understate amounts by 2% or more or fail to submit reports when due.
Transfer Fee† (7)	30% of the then-current Initial Franchise Fee.	Before consummation of transfer.	Payable by you or your buyer when the Franchise Agreement or other interest in your Franchised Business is transferred by you except transfers to an entity controlled by you or to certain family members.
Interest†	Lesser of 1.5% per month or highest rate of interest allowed by law.	As incurred.	Begins to accrue the day after payment becomes past due.
Insurance Premiums (Building / General / Other Liability) (8)	Will vary based on location.	Monthly. As required by the insurance provider.	Insurance requirements may be modified periodically by us in the Operations Manual.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Insurance Premiums (Swimmer Liability / Misconduct) (8)	Will vary based on enrollment and selected coverage.	Monthly. As required by the insurance provider.	Insurance requirements may be modified periodically by us in the Operations Manual.
Indemnification†	Will vary under circumstances.	As incurred.	You must reimburse us if we are held liable for claims arising from your Franchised Business operations.
Requested Additional Assistance† (9)	Varies based on needs. The estimated range of costs are up to $1,500 per person per day plus travel expenses.	As incurred.	Additional training and assistance are available if you request. We have the right to charge you for this additional training and assistance.
Real Estate Lease	Will vary based on location.	Monthly.	
Criminal Background Checks	The approved supplier's then-current rate for criminal background checks.	As incurred.	You must conduct, and any of your prospective employees must pass, a pre-hiring criminal background check administered by the approved supplier of such services. You must also conduct criminal background checks on all of your employees at least every two years (unless we require you to do so on an annual basis), which must be administered by the approved supplier of such services.
Cost of Testing and Investigation	Will vary depending on investigation necessary.	As incurred.	You have to reimburse us for any and all reasonable costs we incur in investigating and determining whether any previously unapproved items or suppliers that you desire to use meet our standards and specifications.
Cost of Enforcement or Defense†	All costs including accounting and attorney's fees.	Upon settlement or conclusion of claim or action.	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Mandatory Seminars, Conventions or Programs†	You may be required to pay a meeting fee and your expenses as well as the expenses your employees incur in attending these meetings. The estimated range of costs is $1,000 to $2,000 per person.	As incurred.	We reserve the right to conduct periodic meetings of all franchisees that you must attend.
Meeting Fee†	We may charge a fee of up to $500 per person for franchisees who have chosen the Royalty Model.	As incurred.	We may not charge a fee for franchisees who have chosen the Enhanced Services Model.
Conference Fee†	We may charge a fee of up to $1,000 per person for franchisees who have chosen the Royalty Model.	As incurred.	We may not charge a fee for franchisees who have chosen the Enhanced Services Model.
Payment Processing Fee†	Will vary based on sales volume, payment methods and other factors.	As incurred.	You must utilize our specified merchant services processor.

† Denotes fees that are imposed by and payable to us or our Affiliates. All of these fees are non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on your arrangement with your vendors and suppliers. Except where expressly noted, all fees in the table above refer to SafeSplash Businesses, SwimLabs Businesses (in a Dual Brand Location) and Swimtastic Businesses and are uniformly imposed.

Notes:

1. Royalty. In connection with each customer transaction associated with your Franchised Business, a Royalty of six percent (6%) of the Gross Revenues generated by such customer transaction will be collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us under the Franchise Agreement) at the same time the remainder of Gross Revenues from such transaction is disbursed to you. "**Gross Revenues**" means the total of all receipts derived from all sales of swimming-related and aquatics-related services, retail sales, parties, coaches fees, Annual Service Fees (as defined below) and Late Withdrawal Fees (as defined below) associated in any way with services delivered and products sold at your Franchised Business, including all swimming lessons, camps, other swimming-related activities, merchandise and other items, sales made away from the facility used by the Franchised Business ("**Facility**"), all other swimming-related and aquatics-related services and products sold or performed by or for you or the Franchised Business or by means of the business conducted under

the Franchise Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include: (1) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers of the Franchised Business, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and (2) all customer refunds, valid discounts and coupons and credits made by the Franchised Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts). "**Annual Service Fees**" means all monies charged and revenue collected to register customers and administer customer accounts for swim lessons provided by the Franchised Business. "**Late Withdrawal Fees**" means all monies charged and revenue collected from customers for late withdrawing customers for swim lessons provided by the Franchised Business.

2. Enhanced Services Fee. The Enhanced Services Fee is a fee for enhanced administrative services we provide, in connection with our Affiliates, HQ and DFW, including a customer relationship management system, a call center, billing services, collection services and scheduling services (collectively, "**Enhanced Services**"). The Enhanced Services Fee is collected and disbursed to us in the same manner and at the same time as the Royalty. As of the issuance date of this Franchise Disclosure Document, the Enhanced Services Fee is an amount equal to ten percent (10%) of all Gross Revenues generated by the Franchised Business. The Enhanced Services Fee may be modified each year; provided, however, that such Enhanced Services Fee shall not increase or decrease by more than two percent (2%) each year and the cumulative increase or decrease in the percentages shall not exceed ten percent (10%) during the term of the Franchise Agreement. In the event that you fail or refuse to book any sales transaction conducted by your Franchised Business through our Enhanced Services, you must still pay to us a service fee equal to ten percent (10%) of Gross Revenues generated by such transaction.

3. Strategic Marketing and Promotions Fee. The Strategic Marketing and Promotions Fee is two percent (2%) of all Gross Revenues generated by the Franchised Business. These funds are used for programs and services associated with providing marketing support, possibly including, but not limited to national advertising, to generate marketing materials and for administrative costs associated with our marketing efforts. The Strategic Marketing and Promotions Fee is collected and disbursed to us in the same manner and at the same time as the Royalty.

4. Local Advertising Expense. Within the time frame from 90 days before you open and 30 days after you open, you must spend a total of $5,000 for a Hosted Location and $25,000 for a Dedicated Location or a Dual Brand Location promotional advertising, marketing and public relations efforts within your Authorized Territory. For the remaining term of your Franchise Agreement, you must spend a minimum of two percent (2%) of the Gross Revenues for the preceding month for advertising and promotion within your Authorized Territory. We reserve the right, in our sole discretion, to require up to 100% of your local advertising expenditure go towards contributions for cooperative advertising in your area.

5. Hosted Location Fee. The Hosted Location Fee is a fee for the use of a Hosted Location for which we contract and is equal to fifteen percent (15%) to twenty-two and one-half percent (22.5%) of Gross Revenues, or the base rent of $2,500 (whichever is greater), that is collected by the merchant services processor used by your Franchised Business in connection with each customer transaction associated with your Franchised Business. The exact percentage or flat fee will be equal to the percent of Gross Revenues or flat fee we are contracted to pay the Hosted Location provider. We will then disburse such amount to the Hosted Location's owner. In the event that you fail or refuse to book any sales transaction conducted by your Franchised Business through our Enhanced

Services, you must still pay us a monthly service fee equal to the Hosted Location Fee each month. There will be no Hosted Location Fee charged for facilities which you contract for directly.

6. Inventory Purchases. You must at all times maintain an inventory of retail products and swimmer recognition items including, but not limited to, ribbons and training tools such as barbells, alignment boards, kickboards, swim sticks, swim toys, swim noodles, floating mats, baskets and sinkable toys in accordance with our guidelines included in the Operations Manual.

7. Transfer Fee. No Transfer Fee is required if you transfer your Franchised Business to a business entity in which you own the majority of the company's issued equity securities or membership interests, or if you transfer your Franchised Business to your child, parent, sibling, spouse or domestic partner. You must pay a transfer fee of thirty percent (30%) of the then-current Initial Franchise Fee if you transfer your Franchised Business to any other person or entity.

8. Insurance Premiums. You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and our and our designated Affiliates' officers, directors, shareholders and employees against any loss, liability, personal injury, death, property damage or expense resulting from the operation of your Franchised Business as we may require for your and our protection in our sole discretion. The insurance policies must contain certain clauses approved by us and waivers approved by us as outlined in the Operations Manual. We and our designated Affiliates must be named as additional insured in each policy. Insurance requirements are set forth in Section 13.1 of the Franchise Agreement.

9. Additional Assistance. If you require or request additional on-site assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we may charge you a fee. We must agree in advance to the charges you will pay, if any and the length of the visit. The cost, if any, of additional assistance will depend on your needs and the amount of assistance you desire.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(DUAL BRAND LOCATION)

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (2)	$60,000	$60,000	Lump sum.	Upon signing of a Franchise Agreement.	Us.
Training Expenses (3)	$5,000	$8,000	As incurred.	Varied times.	Airlines, hotels and personnel.
Rent (Deposit plus three months of rent) (4)	$40,000	$80,000	Lump sum.	Monthly.	Landlord.
Core Soil Sampling (5)	$0	$5,000	Lump sum.	Prior to opening for business.	Geotechnology firm.

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Architecture (6)	$17,500	$25,000	Lump sum.	Prior to opening for business.	Architect firm.
Construction Management (7)	$0	$30,000	Lump sum.	Prior to opening for business.	Construction management firm.
Leasehold Improvements (8)	$600,000	$900,000	As arranged.	As arranged.	Approved contractors.
HVAC Systems (9)	$120,000	$200,000	As arranged.	As arranged.	Approved contractors.
Pool Engineering and Design (10)	$0	$15,000	Lump sum.	Prior to opening for business.	Approved pool engineering and design firms.
Pool Build and / or Tank Installation, Aquatic Supplies and Equipment (including ADA Lift) (11)	$250,000	$400,000	As incurred.	Varied times.	Contractors, vendors and suppliers.
Electronic and Technology Equipment (12)	$10,000	$35,000	As arranged.	As arranged.	Vendors and suppliers.
Signage (13)	$40,000	$60,000	Lump sum.	Prior to installation	Sign vendor.
Retail Inventory (14)	$4,000	$10,000	Lump sum.	Prior to opening for business.	Vendors and suppliers.
Advertising & Marketing (15)	$25,000	$32,500	As arranged.	Varied times.	Vendors and suppliers.
Furniture and Fixtures (16)	$15,000	$33,000	As incurred.	As arranged.	Vendors and suppliers.
Insurance (17)	$4,000	$7,000	Lump sum.	Prior to opening for business.	Insurance company.
Professional Services (18)	$5,000	$12,000	Lump sum.	Prior to opening for business.	Professional firms.
Licenses and Permits (19)	$6,000	$12,000	As incurred.	Varied times.	County and City Departments.
Financial Costs (20)	$0	$60,000	As arranged.	As incurred.	Vendors, suppliers and personnel.

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds for Operating Reserve - Three (3) Months (21)	$75,000	$110,000	As arranged.	As incurred.	Vendors, suppliers and personnel.
TOTAL (22)	**$1,276,500**	**$2,094,500**			

YOUR ESTIMATED INITIAL INVESTMENT
(DEDICATED LOCATION – SINGLE BRAND)

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (2)	$50,000	$50,000	Lump sum.	Upon signing of a Franchise Agreement.	Us.
Training Expenses (3)	$3,000	$5,000	As incurred.	Varied times.	Airlines, hotels and personnel.
Rent (Deposit plus three months of rent) (4)	$30,000	$60,000	Lump sum.	Monthly.	Landlord.
Core Soil Sampling (5)	$0	$7,000	Lump sum.	Prior to opening for business.	Geotechnology firm.
Architecture (6)	$17,000	$25,000	Lump sum.	Prior to opening for business.	Architect firm.
Construction Management (7)	$0	$25,000	Lump sum.	Prior to opening for business.	Construction management firm.
Leasehold Improvements (8)	$400,000	$800,000	As arranged.	As arranged.	Approved contractors.
HVAC Systems (9)	$100,000	$140,000	As arranged.	As arranged.	Approved contractors.
Pool Engineering and Design (10)	$9,500	$13,000	Lump sum.	Prior to opening for business.	Approved pool engineering and design firms.
Pool Build and / or Tank Installation, Aquatic Supplies and Equipment (including ADA Lift) (11)	$125,000	$200,000	As incurred.	Varied times.	Contractors, vendors and suppliers.
Electronic and Technology Equipment (12)	$12,500	$20,000	As arranged.	As arranged.	Vendors and suppliers.
Signage (13)	$17,500	$40,000	Lump sum.	Prior to installation	Sign vendor.

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Retail Inventory (14)	$5,250	$8,000	Lump sum.	Prior to opening for business.	Vendors and suppliers.
Advertising & Marketing (15)	$25,000	$32,500	As arranged.	Varied times.	Vendors and suppliers.
Furniture and Fixtures (16)	$17,500	$32,000	As incurred.	As arranged.	Vendors and suppliers.
Insurance (17)	$2,500	$12,500	Lump sum.	Prior to opening for business.	Insurance company.
Professional Services (18)	$5,000	$20,000	Lump sum.	Prior to opening for business.	Professional firms.
Licenses and Permits (19)	$3,000	$8,000	As incurred.	Varied times.	County and City Departments.
Financial Costs (20)	$0	$40,000	As incurred.	Varied times.	Financial institutions.
Additional Funds for Operating Reserve - Three (3) Months (21)	$60,000	$100,000	As arranged.	As incurred.	Vendors, suppliers and personnel.
TOTAL (22)	**$882,750**	**$1,638,000**			

YOUR ESTIMATED INITIAL INVESTMENT
(HOSTED LOCATION)

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (2)	$35,000	$35,000	Lump sum.	Upon signing of a Franchise Agreement	Us
Training Expenses (3)	$2,000	$4,000	As incurred.	Varied times.	Airlines, hotels and personnel.
Rent (Deposit plus three months of rent) (4)	$0	$7,500	Lump sum.	Monthly	Landlord.
Core Soil Sampling (5)	$0	$0	Lump sum.	Prior to opening for business.	Geotechnology firm.
Architecture (6)	$0	$0	Lump sum.	Prior to opening for business.	Architect firm.

Type of Expenditure (1)	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is to be Made
Construction Management (7)	$0	$0	Lump sum.	Prior to opening for business.	Construction management firm.
Leasehold Improvements (8)	$0	$0	As arranged.	As arranged.	Approved contractors.
HVAC Systems (9)	$0	$0	As arranged.	As arranged.	Approved contractors.
Pool Engineering and Design (10)	$0	$0	Lump sum.	Prior to opening for business.	Approved pool engineering and design firms.
Pool Build and / or Tank Installation, Aquatic Supplies and Equipment (including ADA Lift) (11)	$0	$0	As incurred.	Varied times.	Contractors, vendors and suppliers.
Electronic and Technology Equipment (12)	$1,000	$1,500	As arranged.	As arranged.	Vendors and suppliers.
Signage (13)	$500	$1,500	Lump sum.	Prior to installation	Sign vendor.
Retail Inventory (14)	$500	$1,000	Lump sum.	Prior to opening for business.	Vendors and suppliers.
Advertising & Marketing (15)	$5,000	$6,500	As arranged.	Varied times.	Vendors and suppliers.
Furniture and Fixtures (16)	$1,500	$3,000	As incurred.	As arranged.	Vendors and suppliers.
Insurance (17)	$1,000	$1,500	Lump sum.	Prior to opening for business.	Insurance company.
Professional Services (18)	$1,000	$4,000	Lump sum.	Prior to opening for business.	Professional firms.
Licenses and Permits (19)	$0	$1,500	As incurred.	Varied times.	County and City Departments.
Additional Funds for Operating Reserve - Three (3) Months (21)	$10,000	$23,000	As arranged.	As incurred.	Vendors, suppliers and personnel.
TOTAL (22)	**$57,500**	**$90,000**			

Notes relating to all three tables above:

1. Expenditures. All fees imposed by us or our Affiliates are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them. These tables do not include reduced fees, which are disclosed in the notes below.

2. Initial Franchise Fee:

   (a) Dual Location – The Initial Franchise Fee is $60,000 if you purchase the right to operate one Franchised Business that will operate with dual brands in a Dedicated Location. If you sign an Area Development Agreement and purchase the right to operate three Franchised Businesses that will utilize dual brands in Dedicated Locations, the Initial Franchise Fee for the first Franchised Business is $60,000. The Reduced Initial Franchise Fee for each subsequent Franchised Business is $55,000. If you purchase the right to operate five Franchised Businesses that will utilize dual brands in Dedicated Locations, the Initial Franchise Fee for the first Franchised Business is $60,000 and the Reduced Initial Franchise Fee for each subsequent Franchised Business is $50,000. If you enter into an Area Development Agreement, at the time of executing such Area Development Agreement, in addition to the $60,000 Initial Franchise Fee for the first Franchised Business noted above, you will also pay to us a Deposit equal to 50% of the sum of the Reduced Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under the Area Development Agreement. When you open any of the subsequent Franchised Businesses under the Area Development Agreement, the portion of the Deposit corresponding to that particular subsequent Franchised Business (i.e., 50% of the Reduced Initial Franchise Fee for that Franchised Business) will be credited against the Reduced Initial Franchise Fee you must pay for that Franchised Business.

   (b) Dedicated Location – The Initial Franchise Fee is $50,000 if you purchase one Franchised Business that will be operated with a single brand in a Dedicated Location. If you purchase the right to operate three Franchised Businesses that will utilize a single brand in Dedicated Locations, the Initial Franchise Fee for the first Franchised Business is $50,000 and the Reduced Initial Franchise Fee for each subsequent Franchised Business is $45,000. If you purchase the right to operate five Franchised Businesses that will utilize a single brand in Dedicated Locations, your Initial Franchise Fee is $50,000 for the first Franchised Business and the Reduced Initial Franchise Fee for each subsequent Franchised Business is $40,000. If you enter into an Area Development Agreement, at the time of executing such Area Development Agreement, in addition to the $50,000 Initial Franchise Fee for the first Franchised Business noted above, you will also pay to us a Deposit equal to 50% of the sum of the Reduced Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under the Area Development Agreement. When you open any of the subsequent Franchised Businesses under the Area Development Agreement, the portion of the Deposit corresponding to that particular subsequent Franchised Business (i.e., 50% of the Reduced Initial Franchise Fee for that Franchised Business) will be credited against the Reduced Initial Franchise Fee you must pay for that Franchised Business.

   (c) Hosted Location – The Initial Franchise Fee is $35,000 if you purchase one Franchised Business that will be operated in a Hosted Location. If you purchase the right to operate three Franchised Businesses in Hosted Locations, the Initial Franchise Fee is $35,000 for the first Franchised Business and the Reduced Initial Franchise Fee for each subsequent Franchised Business is $30,000. If you purchase the right to operate five Franchised Businesses in Hosted Locations, your Initial Franchise Fee is $35,000 for the first Franchised Business and the Reduced Initial Franchise Fee for each subsequent Franchised Business is $25,000. The Initial Franchise Fee and any Reduced Initial Franchise Fee is due when you sign the corresponding Franchise Agreement and is non-refundable once paid. If you enter into an Area Development Agreement, at the time of executing such Area Development Agreement, in addition to the $35,000 Initial Franchise Fee for the first Franchised Business noted above, you will also pay to us a Deposit equal to 50% of the sum of the Reduced Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under the Area Development Agreement. When you open any of the subsequent Franchised Businesses under the Area Development Agreement, the portion of the Deposit corresponding to that particular subsequent Franchised Business (i.e., 50% of the Reduced Initial Franchise Fee for that Franchised Business) will be credited against the Reduced Initial Franchise Fee you must pay for that Franchised Business.

3. Training Expenses. Some or all of the initial training program will be conducted in the Denver, Colorado metropolitan area. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees.

4. Rent. If you do not use the space we have contracted for under one of our Hosted Location facility contracts, you must obtain or lease space for your Franchised Business. Generally, this will require that you pay first and last month's rent, plus a security deposit, at the time you sign the lease. The amounts set forth in the table above represent the estimated amounts that you will pay for an initial deposit and for rent for the first three months of operations. We expressly prohibit you or your franchisee entity, as the case may be, from owning the space in which you operate your Franchised Business. However, we will permit you to own such space via a separate entity you create. In the event you choose to form a separate entity to own the space in which you operate your Franchised Business, you are solely responsible for researching the initial and ongoing expenses associated with doing so. Franchised Businesses are typically located in commercial and retail settings. In most cases, the terms and conditions of all agreements relating to the purchase, lease and alteration of the property will be negotiated solely by you; however, we require you to incorporate certain provisions into your lease. If you operate a Franchised Business under our hosted location format, we will pay up to fifteen percent (15%) to twenty-two and one-half percent (22.5%) of Gross Revenues, or the base rent of Twenty-Five Hundred Dollars ($2,500) (whichever is greater) depending on the agreement that we reach with the third-party fitness center, health club or other contracted pool facility that serves as the host for your location. This amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us) at the same time the remainder of Gross Revenues from such transaction is disbursed to you. Also, if you operate a Franchised Business under our hosted location format and enter into a revenue-sharing arrangement with the hosted facility, it is possible you will not have any rent payments.

5. Soil Engineering Report. It is critical that your approved pool engineering and design firm understands the soils where your pool is going to be constructed. If your space is relatively new you should be able to obtain a Geotechnical Engineering Soil Report. If the report isn't available, you will need to contract with a geotechnical engineer firm to collect core soil samples and perform a soil report.

6. Architecture. You must hire an approved architect to create construction documents for your project. As of the issuance date of this Franchise Disclosure Document, we have two approved

architects today for you to select from. If you wish to select a non-approved architect, you must submit a request to have your selected architect approved before you provide him/her with our Brand Design Guidelines. The architect will be contracted by you and you will manage all payments to such architect.

7. Construction Management. You may hire an approved project manager to assist you through architectural design, permitting, contractor selection and general construction management. As of the issuance date of this Franchise Disclosure Document, we have one approved construction management company that we recommend. Your need for this service will depend on your experience in construction and / or project management, as well as your experience level in selecting and managing a general contractor to complete the required tenant finish.

8. Leasehold Improvements. These amounts are our best estimate of the range of costs of Leasehold Improvements for our prototype plans in a standard finished retail shell "Vanilla Shell" and will likely vary substantially based on local conditions, including the availability and prices of labor and materials. The amounts do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment if you choose to form a separate entity to own the space in which you operate your Franchised Business. Accordingly, these amounts do not reflect costs for your purchase (through a separate entity) of unimproved land and construction of a free-standing Franchised Business, which also would result in a significantly greater initial investment. This estimate may include any tenant improvement allowance you may receive from the landlord for your Franchised Business. You should carefully investigate all of these costs in the area where you wish to establish your Franchised Business.

9. HVAC Systems. The space you lease should be equipped with standard office HVAC capability. Depending on the climate in which you are locating your Franchised Business there may be varying requirements for an additional HVAC system with robust dehumidification capabilities. This estimate includes the design and purchase of an additional HVAC system.

10. Pool Engineering and Design. As part of your opening process, you will hire an approved pool engineering and design firm to create both pool engineering and design / construction documents and pump room design / construction documents. As of the issuance date of this Franchise Disclosure Document, we have one approved pool engineering and design firm. If you wish to select a non-approved pool designer, you must submit a request to have your selected pool designer approved. The pool engineering and design firm will be contracted by you and you will manage all payments to the selected provider. This estimate does not include the credit for pool engineering and design which many pool builders offer if your selected pool designer also constructs your pool and pump room.

11. Pool Build and / or Tank Installation, Aquatic Supplies and Equipment (including ADA Lift). These amounts represent the estimate for pool construction and / or swim tank installation activities. These amounts also include the estimated costs to lease an above-ground pool from us. If you build a pool which is larger than 1,200 square feet or install more than four tanks your costs may exceed these estimates.

12. Electronic and Technology Equipment. This estimate includes the cost to purchase the following electronic and video equipment: cameras, video monitors, computers, telephones, printer, copier and other electronic equipment as set forth in the Operations Manual. It also includes an installation fee of $1,000 per tank plus any travel expenses incurred by our technical personnel to install any video technology at your site.

13. Signage. You must purchase our approved signage for your Franchised Business. In connection with our approved signage company, we will provide you with the specifications that must be followed.

14. Retail Inventory. This estimate includes the cost to purchase your initial inventory of retail lines. You must also purchase ribbons and training tools including, but not limited to, barbells, kickboards, swim sticks, swim toys, swim noodles, floating mats, baskets, sinkable toys and other products as set forth in the Operations Manual.

15. Advertising & Marketing. Within the time frame from 90 days before you open and 30 days after you open your location, you must spend at least $5,000 (for a Hosted Location) and $25,000 (for a Dedicated Location or Dual Brand Location) on promotional advertising, marketing and public relations efforts within your Authorized Territory. The amounts set forth in the tables above represent the estimated amounts that you will spend on advertising in the first three months of operation.

16. Furniture and Fixtures. The amounts represent the estimated amounts for furniture and fixtures for your Franchised Business.

17. Insurance. For Hosted Locations, this amount represents the estimated amount you will need to pay for your first year of swimmer liability and misconduct insurance coverage as prescribed in the Operations Manual, which you will need to secure before opening your Franchised Business. For some Hosted Locations, based on the hosted facility provider's requirements, you may also need to pay for umbrella coverage before opening your Franchised Business, which is also reflected in this estimated amount. For Dedicated Locations, this amount represents the estimated amount associated with the insurance you will need in connection with building your Swim Facility before you open your Franchised Business.

18. Professional Services. These projected amounts relate to legal, accounting, and other professional services expenses associated with opening your Franchised Business. All such services will be sourced by you independent of the franchisor's involvement. These expenses include, but are not limited to, company formation, franchise agreement review, lease review, contract review and the preparation of budgets and / or a financial accounting system.

19. Licensing and Permits. These projected amounts relate to the range of costs for obtaining approval from various government agencies, including those associated with building and health department regulators regarding your location.

20. Financial Costs. These projected amounts relate to various costs you might incur if you obtain financing to operate your Franchised Business, including but not limited to expenses associated with any loan agreement(s) you enter into with a financial institution or other lender.

21. Additional Funds. This amount includes estimated operating expenses you should expect to incur during the first three months of operations. It includes payroll costs (but not a draw or salary for you), taxes, costs for supplies, costs for business licenses, costs for swimmer liability and misconduct insurance, general liability, property, umbrella, workers compensation, business continuity, and other insurance policies (typically for Dedicated Locations), accounting and other professional fees and other operational expenses. If you operate a Franchised Business under our dedicated location format, the estimate includes the cost for utilities.

22. Total Estimated Initial Investment. We relied on our business experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You pay no other fees to us or our Affiliates to begin operation of your Franchised Business. Except as described otherwise in this Franchise Disclosure Document, we do not refund any fees. Fees paid to any third party may be refundable, depending upon the contract, if any, between you and the third party. If you meet our credit standards and requirements, we, in our sole discretion may offer you financing for part of your initial investment, in an amount not to exceed 50% of your Initial Franchise Fee. If you are entering into an Area Development Agreement, we may offer you financing for not more than 50% of your first Initial Franchise Fee plus the Deposit. The financing will require a down payment of not less than 50% of the financed amount, with the remainder to be financed over a five-year period, at an annual percentage rate of 3.75% over the prime lending rate as set forth in the Wall Street Journal, on the date of the execution of the promissory note. Additional details are provided in Item 10.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Franchised Business in compliance with your Franchise Agreement and the standards and specifications contained in the confidential operations manual ("**Operations Manual**") provided to you by us. The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. You will have the opportunity to view the Operations Manual at our headquarters before purchasing the right to operate your Franchised Business, provided you agree in writing to keep its content confidential. The Table of Contents for the Operations Manual is attached to this Franchise Disclosure Document as **Exhibit D**.

You must provide specified services and sell specified products. We reserve the right to require that you sell additional or different services and products in your Franchised Business on 30 days prior written notice to you. You must provide services and sell products per our specifications and standards. We reserve the right to change standards and specifications upon prior written notice to you.

We have standards and specifications for your equipment, uniforms, fixtures, supplies, inventory, goods, signage, forms, products, services, advertising materials and most other services and products used in, sold or provided through your Franchised Business. In order to maintain our standards of consistent, high quality products, customer recognition, advertising support, value and uniformity in Franchised Businesses, you must purchase or lease all of your required equipment, supplies, fixtures, uniforms, inventory, goods, advertising materials, computer technology, services and products used in or sold through your Franchised Business, per our specifications and standards, only from us, our Affiliates or our designated or approved suppliers and distributors.

You may request that we approve or designate a new supplier by following the procedures and paying all required fees and expenses for approval, as set forth in the Operations Manual and modified periodically by us in our sole discretion. We will not unreasonably withhold the approval of a supplier; however, in order to make such determination, we may require that samples from a proposed new supplier be delivered to us for testing and approval prior to use. We reserve the right to require you to pay or reimburse us for the reasonable cost of investigation in determining whether such products, services, materials, forms, items or supplies satisfy our specifications. In approving or disapproving a proposed supply or supplier, we apply the following general criteria, which are also included in the Operations Manual: (1) quality of product or service in relation to our specifications and quality standards; (2) price; and (3) whether we deem the supply or supplier necessary or desirable for the System as a whole. We may deny our approval of suppliers based upon the lack of any of the above items. We will typically notify you of our approval or disapproval of a proposed supplier, product or service within 60 days of receiving all requested information. If you do not hear from us regarding your request, your request will be deemed to have been disapproved by us.

SafeSplash HQ, LLC is our designated supplier of Enhanced Services and contracts with SafeSplash DFW, LLC to perform such services. SafeSplash Wholesale offers products and supplies to franchisees. Since SafeSplash Holdings, LLC is the parent company of SafeSplash HQ, LLC, SafeSplash Wholesale, LLC and SafeSplash Brands, LLC, the managing directors of SafeSplash Holdings, LLC own an indirect interest in these approved suppliers. There are currently no other approved suppliers in which an officer of ours owns an interest. While our Affiliates operate Hosted Locations, none of them owns any of the facilities from which our franchisees operate Hosted Locations.

We estimate that the purchase of these supplies, equipment, inventory, fixtures, goods, services and products from us or our designated or approved sources, or those meeting our standards and specifications, will be approximately 20% of your total cost to establish a Franchised Business and 20% to 40% of your total cost of operating a Franchised Business.

Our Affiliates which serve as designated suppliers (as described above) will derive revenue from the purchases or leases you enter into with them for the services and products they provide, typically as a percentage of such purchases or leases. Although we do not currently have arrangements in place to do so, in the future we reserve the right to derive revenue from your purchases or leases of inventory, fixtures, supplies and equipment from our designated suppliers and distributors.

During the most recent fiscal year which ended on December 31, 2021, we derived zero revenue in rebates and annual conference sponsorship commitments relating to franchisee purchases or leases.

During the most recent fiscal year which ended on December 31, 2021, our Affiliate, SafeSplash DFW, LLC, derived $3,213,575 in revenues relating to the provision of Enhanced Services from franchisees. This figure represents 100% of SafeSplash DFW, LLC's total revenue of $3,213,575 based on SafeSplash DFW, LLC's unaudited financials.

During the most recent fiscal year which ended on December 31, 2021, our Affiliate, SafeSplash Wholesale, LLC, did not derive any vendor rebates from the sale of products and services to our franchisees.

During the most recent fiscal year which ended on December 31, 2021, our Affiliates, SafeSplash HQ, LLC and Swim Schools of America, LLC did not derive revenue from the sale of products and services to our franchisees.

We also reserve the right in the future to derive revenue from your purchases or leases from our designated suppliers. During the most recent fiscal year which ended on December 31, 2021, we did not receive any reimbursed expense revenue related to the expenditures of the annual conference from our affiliate, SafeSplash DFW, LLC.

We reserve the right to take whatever action we deem necessary in our discretion to prevent you from selling unauthorized services or products or using unauthorized suppliers including seeking injunctive relief or terminating your Franchise Agreement.

You must also purchase computer hardware and software from suppliers that meet our standards and specifications or obtain our written approval to purchase other equipment. We will respond to requests for approval to purchase equipment other than the computer system within thirty days from the date the request is received. We estimate that the cost for the computer system will range from $2,000 to $5,000. The minimum amount you will pay to access our required School Operating and Management Software system is $4,800 per year.

We currently require you to maintain the following insurance coverage through a provider approved by us. Please note these insurance requirements are subject to change.

- General liability in the amount of $1,000,000 per occurrence, which is part of your Customer Support Service Fee. This is currently Commercial General Liability insurance in the amount of $1,000,000 per occurrence, $2,000,000 aggregate, an endorsement of a $250,000 sub-limit for Abuse and Molestation coverage.
- Workers' Compensation insurance consistent with applicable law

You may consider carrying more insurance than this and/or may consider other types of insurance. Examples of that include, but are not limited to:

- Hired and Non-owned Auto Coverage
- Employment Practices Liability Coverage
- Business Income Coverage
- Professional Liability

In addition, if appropriate, you must have additional coverage that is designated by the Hosted Facility in which your swim school is located, with the facility and landlord named as an additional insured if required. Such coverage may include Employer's Liability, Business Automobile Liability, and Umbrella/Excess Liability insurance.

In some instances, we negotiate purchase arrangements with suppliers or vendors to obtain price terms and / or other benefits of a buying cooperative for our franchisees. In most cases, taking advantage of these terms and / or benefits are at the discretion of the franchisee.

We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition / lease	Sections 8 & 9	ITEM 7 and ITEM 11
b. Pre-opening purchases / leases	Section 8	ITEM 7 and ITEM 8
c. Site development and other pre-opening requirements	Section 8	ITEM 6, ITEM 7 and ITEM 11
d. Initial and ongoing training	Sections 8 & 9	ITEM 7 and ITEM 11
e. Opening	Section 8	ITEM 7 and ITEM 11
f. Fees	Section 6	ITEM 5, ITEM 6 and ITEM 7

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies / Operations Manual	Sections 3, 6, 7, 8, 9, 10 & 18	ITEM 1, ITEM 8, ITEM 11, ITEM 13 and ITEM 14
h. Trademarks and proprietary information	Section 11	ITEM 13 and ITEM 14
i. Restrictions on products / services offered	Section 8	ITEM 8 and ITEM 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 5 & Attachment A	ITEM 1 and ITEM 12
l. Ongoing product / service purchases	Sections 9 and 10	ITEM 8
m. Maintenance, appearance and remodeling requirements	Section 9	ITEM 8
n. Insurance	Section 13	ITEM 6
o. Advertising	Section 12	ITEM 6, ITEM 7 and ITEM 11
p. Indemnification	Section 13	ITEM 6
q. Owner's participation / management / staffing	Section 9	ITEM 15
r. Records / reports	Section 7	ITEM 6
s. Inspections / audits	Sections 7 & 9	ITEM 6
t. Transfer	Section 16	ITEM 6 and ITEM 17
u. Renewal	Section 4	ITEM 17
v. Post-termination obligations	Section 18	ITEM 17
w. Noncompetition covenants	Section 15	ITEM 17
x. Dispute resolution	Section 21	ITEM 17
y. Compliance with all laws and regulations	Section 9	ITEM 1
z. Guarantee	Attachment B	Exhibit B

AREA DEVELOPMENT AGREEMENT

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition / lease	Sections 3, 4 & 5	Exhibit C
b. Pre-opening purchases / leases	Not Applicable	Exhibit C
c. Site development and other pre-opening requirements	Section 3	Exhibit C
d. Initial and ongoing training	Section 3	Exhibit C
e. Opening	Sections 3 & 4	Exhibit C
f. Fees	Section 3	Exhibit C

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies / Operations Manual	Not Applicable	Exhibit C
h. Trademarks and proprietary information	Not Applicable	Exhibit C
i. Restrictions on products / services offered	Not Applicable	Exhibit C
j. Warranty and customer service requirements	Not Applicable	Exhibit C
k. Territorial development and sales quotas	Sections 4 & 5	Exhibit C
l. Ongoing product / service purchases	Not Applicable	Exhibit C
m. Maintenance, appearance and remodeling requirements	Not Applicable	Exhibit C
n. Insurance	Not Applicable	Exhibit C
o. Advertising	Not Applicable	Exhibit C
p. Indemnification	Section 14	Exhibit C
q. Owner's participation / management / staffing	Section 1	Exhibit C
r. Records / reports	Section 13	Exhibit C
s. Inspections / audits	Not Applicable	Exhibit C
t. Transfer	Section 8	Exhibit C
u. Renewal	Section 2	Exhibit C
v. Post-termination obligations	Sections 8 and 9	Exhibit C
w. Noncompetition covenants	Section 9	Exhibit C
x. Dispute resolution	Section 10	Exhibit C
y. Compliance with all laws and regulations	Not Applicable	Exhibit C
z. Guarantee	Attachment B	Exhibit C

ITEM 10
FINANCING

If you meet our credit standards and requirements, we, in our sole discretion may offer you financing in connection with the following financing program.

We may offer you financing for not more than 50% of your Initial Franchise Fee. If you are entering into an Area Development Agreement, we may offer you financing for not more than 50% of your first Initial Franchise Fee plus the Deposit. The financing will require a down payment of not less than 50% of the financed amount, with the remainder to be financed over a five-year period, at an annual percentage rate of 3.75% over the prime lending rate as set forth in the Wall Street Journal, on the date of the execution of the promissory note ("**Promissory Note**"), using the standard agreement attached to this Disclosure Document as **Exhibit K**.

The Promissory Note provides for a late fee of $200 and interest for each month a payment is not timely received. There are no other finance charges associated with the Promissory Note. The monthly payment on the Promissory Note varies depending on the amount financed and the prime lending rate on the date of the execution of the Promissory Note, which has recently been approximately 8%.

Promissory Notes can be prepaid without penalty at any time during its term. If you do not make payments on time, we can call the loan and demand immediate payment of the full outstanding balance of the Promissory Note and we will obtain court costs and attorney fees if a collection action is necessary. You waive your rights to demand and notice under the terms of the note, and you are barred from asserting certain defenses.

We do not assign or discount any Promissory Note to third-parties and we have no plans to do so. A default on the Promissory Note is a default of the Franchise Agreement and may trigger a termination of your Franchise Agreement. We will require one or more of your owners to personally guarantee your obligations under the Promissory Note.

Except as disclosed herein, we do not arrange financing from other sources. We do not receive direct or indirect payments for placing financing. We do not guarantee your obligations to third parties. We offer no indirect financing and do not make any arrangements for financing of your initial investment or the operation of your business. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment.

We have no intent to sell, assign or discount to a third party all or part of the financing arrangement.

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

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

Pre-Opening Obligations

Before the opening of your Franchised Business, we (or our designee) are required by the Franchise Agreement or the Area Development Agreement to provide the following assistance and services to you:

1. We designate your Authorized Territory. (See Sections 3 and 8.3(a) of the Franchise Agreement).

2. We furnish you with specifications for all initial and replacement equipment, tools, inventory and supplies required for the operation of the Franchised Business, which is further defined in the Operations Manual. You will be required to use our designated suppliers, as specified in the Operations Manual, some of which are our Affiliates. (See Section 8.3(b) of the Franchise Agreement).

3. We may provide up to three days of on-site support services to you in connection with the opening of your initial location(s). If we do so, these services will include assistance and training involving marketing and operations. (See Section 8.3(f) of the Franchise Agreement).

4. We furnish you with site selection assistance when you are searching for a location for the Facility. (See Section 8.3(c) of the Franchise Agreement). You are solely responsible for locating a site from which to operate the Facility and negotiating a Lease for the property. We do not generally own the premises of any Facility and lease it to franchisees. We will provide you with assistance in analyzing a location and in negotiating the business terms of a Lease. However, you are responsible for retaining your own legal counsel to negotiate the legal terms of the Lease. We will

analyze a location by examining population density, census data, demographic and income characteristics, proximity of the proposed location to other Franchised Businesses, or any other criteria we establish. The Facility site is subject to our written authorization, which may be granted or denied in our sole discretion. Our assistance in no way constitutes a representation or warranty with respect to the success or viability of the site of the Facility or the Lease, respectively. Our authorization of the Facility site indicates only that we believe the site falls within acceptable criteria established by us as of the approval date. You are solely responsible for conforming the premises of the Facility to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises of the Facility.

5. We provide an initial training program for you or, if you are not an individual, your Designated Manager and members of your management team, at our facilities in the Denver, Colorado metropolitan area. (See Section 8.3(e) of the Franchise Agreement). You are responsible for hiring and training all of your employees, subject to the initial training program and period meetings described below.

6. We provide you with access to our confidential and proprietary Operations Manual. (See Section 8.3(g) of the Franchise Agreement).

Continuing Obligations

During the term of the Franchise Agreement we (or our designee) are required to provide the following assistance and services to you:

1. We will grant you access to the School Operating and Management Software, a third-party, cloud-based software that will assist your Franchised Business in registration, customer service, payment processing, and other related services. We, or a designee of ours, will provide technical and administrative support to you in connection with such School Operating and Management Software. (See Section 8.5(a) of the Franchise Agreement).

2. If you select the Enhanced Services Model, we will collect and retain up to ten percent (10%) in back office charges and six percent (6%) in royalties of all Gross Revenues we receive from customer payments through our Enhanced Services when you operate in a facility we do not contract for directly, which accounts for your payment of the Enhanced Services Fee. (See Section 8.5(c) of the Franchise Agreement). Alternatively, when you operate in a Hosted Location we contract for directly, we will collect an additional amount of Gross Revenues equal to the remuneration due and owing to the Hosted Location's owner under our agreement with the Hosted Location's owner relating to your use of the Hosted Location, and we will then disburse such amount to the Hosted Location's owner. The remuneration paid to the Hosted Location owner (the Hosted Location Fee) currently ranges from fifteen percent (15%) to twenty-two and one-half percent (22.5%) of Gross Revenues, or the base rent of Twenty-Five Hundred Dollars ($2,500) (whichever is greater) depending on the agreement we reach with each respective Hosted Location owner. This amount is collected by the merchant services processor used by your Franchised Business and disbursed to us (along with other amounts due and owing to us) at the same time the remainder of Gross Revenues from such transaction is disbursed to you. (See Exhibit I to Franchise Agreement).

3. We make a representative reasonably available to speak with you on the telephone during normal business hours to discuss your operational issues and support needs. (See Section 8.5(d) of the Franchise Agreement).

4. We may hold periodic meetings to discuss sales techniques, new product and service developments, bookkeeping, training, accounting, inventory control, safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. These meetings are held at locations chosen by us in our sole discretion. Your in-person attendance is strongly encouraged but not required for these periodic meetings. Upon your request, we will use commercially reasonable efforts to enable you to attend any such periodic meetings by way of web conference, telephone or other electronic means by which all attendees will be able to hear each other and participate in such meetings. (See Section 8.5(e) of the Franchise Agreement).

5. We will provide you with access to online training. (See Section 8.5(p) of the Franchise Agreement).

6. We may hold an annual conference to discuss sales techniques, new services and products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. You must pay the conference fee, if any and all personal travel and living expenses and must attend these annual conferences (See Section 8.5(f) of the Franchise Agreement). We reserve the right to charge a conference fee of up to one thousand dollars ($1,000) per person.

7. We will provide billing services, registration services and scheduling services to or on your behalf if you choose the Enhanced Services Model. (See Section 8.5(g) of the Franchise Agreement).

8. We will inform you of mandatory specifications, standards and procedures for the operations of the Franchised Business. (See Section 8.5(i) of the Franchise Agreement).

9. We will research new products, services and methods of doing business, from time to time and provide you with information concerning developments of this research. (See Section 8.5(j) of the Franchise Agreement).

10. We will maintain the Strategic Marketing and Promotions Fund and use the funds to develop promotional and advertising programs and public relations coverage for Franchised Businesses. (See Section 8.5(k) of the Franchise Agreement).

11. We will provide marketing materials to you in the form of an arts graphics package. (See Section 8.5(l) of the Franchise Agreement).

12. A representative of ours may provide additional assistance to you and there may be charges for this assistance. If we provide additional assistance, you and we must agree in advance on the charges for the visit and the length of the visit. (See Section 8.5(m) of the Franchise Agreement).

13. We may establish and manage one or more Local Advertising Cooperatives. (See Section 8.5(n) of the Franchise Agreement).

14. We will provide you with two email accounts under the SafeSplash, SwimLabs (in a Dual Brand Location) or Swimtastic domain to be used by the franchisee and one additional account for each additional Franchised Business or brand. (See Section 8.5(h) of the Franchise Agreement).

Advertising Programs

Within the time frame from 90 days before you open and 30 days after you open you must spend a total of Five Thousand Dollars ($5,000.00) for each of your Hosted Locations and Twenty-Five Thousand Dollars

($25,000) for each of your Dedicated Locations on promotional advertising, marketing and public relations efforts as specified in the Operations Manual within your Authorized Territory. For the remaining term of your Franchise Agreement, you must spend a minimum of two percent (2%) of the annual Gross Revenues ("**Local Advertising Expense**") for advertising and promotion within your Authorized Territory.

Under the Franchise Agreement, you are required to pay us a strategic marketing and promotions fee ("**Strategic Marketing and Promotions Fee**") equal to two percent (2%) of the Gross Revenues generated by each customer transaction involving your Franchised Business. We will require SafeSplash Businesses, SwimLabs (in a Dual Brand Location) Businesses or Swimtastic Businesses operated by our Affiliates to contribute to the Strategic Marketing and Promotions Fund as well. We may require the Miller Swim School outlets and AquaSafe outlets to contribute to the Strategic Marketing and Promotions Fund in the future, but we are not currently requiring them to do so. Although it is not maintained in a separate bank account, we track and account for the Strategic Marketing and Promotions Fund separately from our general funds. The Strategic Marketing and Promotions Fund is administered by us, in our discretion and we may use a professional advertising agency (national or regional), media buyer, or any other third party to assist us.

We will reimburse ourselves from the Strategic Marketing and Promotions Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Strategic Marketing and Promotions Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the Strategic Marketing and Promotions Fund or to maintain, direct or administer the Strategic Marketing and Promotions Fund. Any unused funds in any calendar year will be applied to the following year's funds and we reserve the right to contribute or loan additional funds to the Strategic Marketing and Promotions Fund on any terms we deem reasonable. Since we do not have this fund audited, audited financial statements are not available to franchisees. We will make available to you an annual accounting for the Strategic Marketing and Promotions Fund that shows how the Strategic Marketing and Promotions Fund proceeds have been spent for the previous year upon your request.

We may use the Strategic Marketing and Promotions Fund for the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local promotions; supporting public relations; market research and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, radio, digital channels, or television. We do not guarantee that advertising expenditures from the Strategic Marketing and Promotions Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

During the last fiscal year which ended on December 31, 2021, we collected $560,902.60 in Strategic Marketing and Promotions Fees for the SafeSplash brand. We spent $489,293.48, as follows: 31% on media placement, 20% production, 44% on administrative expenses and 5% in other expenses which were used to repay us for supplemental funds we contributed during 2020 for the purpose of sustaining and augmenting our marketing and promotional efforts during the COVID-19 pandemic.

During the last fiscal year which ended on December 31, 2021, we collected $146,484.75 in Strategic Marketing and Promotions Fees for the SwimLabs brand. We spent $122,323.37**,** as follows: 31% on media placement, 20% production, 44% on administrative expenses and 5% in other expenses which were used to repay us for supplemental funds we contributed during 2020 for the purpose of sustaining and augmenting our marketing and promotional efforts during the COVID-19 pandemic.

During the last fiscal year which ended on December 31, 2021, we collected $78,715.21 in Strategic Marketing and Promotions Fees for the Swimtastic brand. We spent $65,866.43, as follows: 31% on media placement, 20% production, 44% administrative expenses and 5% in other expenses which were used to repay us for supplemental funds we contributed during 2020 for the purpose of sustaining and augmenting our marketing and promotional efforts during the COVID-19 pandemic.

For each brand, the remainder of Strategic Marketing and Promotions Fund monies will be utilized in 2022 for the system-wide annual franchisee conference and other marketing purposes. We did not use any Strategic Marketing and Promotions Fund monies to solicit the sale of franchises during our last fiscal year, nor will we use Strategic Marketing and Promotions Fund monies to solicit franchisees in our current fiscal year. Neither we nor our Affiliates receive payments for providing goods or services to the Strategic Marketing and Promotions Fund, except for reimbursement of expenses as described above.

In certain circumstances, you may create your own advertising and promotional materials; however, all advertising and promotions created by you must be approved by us in advance before you use them and must comply with our graphic standards. Your request will be reviewed by us and we will respond in writing within 60 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold without our prior written approval. You must not use the SafeSplash, SwimLabs or Swimtastic name, logos or other Marks to promote or identify collateral services offered by you in your Franchised Business.

Although we currently do not have an advertising council composed of franchisees, we reserve the right to form such an advertising council. We also may designate any geographic area in which two or more SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses are located as a region for establishing an advertising cooperative (“**Cooperative**”). The members of the Cooperative for any area will consist of all SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses whether franchised or operated by us or our Affiliates. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. Accordingly, we do not currently have any governing documents available for review. Each Cooperative will be organized for the sole purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in local advertising. If a Cooperative has been established for a geographic area where your Franchised Business is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative and abide by the rules of the Cooperative. Cooperatives will set their own fees, which cannot exceed 2 percent of Gross Revenues. Franchisor-owned outlets must contribute to the fund on the same basis as franchisees. Each Cooperative established must prepare annual statements which will be available for review by constituent franchisees. We reserve the right to form, change, dissolve or merge any Cooperative.

You must also pay your pro rata share of the cost of business listings to be placed by us or any Cooperative on behalf of all SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses in the local market area, as determined by us or the Cooperative. If you operate the only SafeSplash Business, SwimLabs Business or Swimtastic Business under the System in the local market area, you will be responsible for full payment of the business listings, unless we determine, in our discretion, that placement of the business listings for the local market area is not economically justified. Any amount you pay for the business listings will apply toward satisfaction of your Local Advertising Expense requirement.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

We retain the sole right to use the Marks and market on the Internet, including all use of Web sites, domain names, URL's, linking, advertising and co-branding arrangements. You may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to or other use of our websites.

Hardware and Software

You must purchase Microsoft windows-based laptops or desktop computer systems with Intel i5 core (or equivalent) processors configured with the then-current version of Microsoft's windows operating system, Microsoft Office Productivity software and an anti-virus software package. In addition, you must purchase a color printer. We estimate that the cost for the computer systems will range from $2,000 to $5,000. We do not specify or require you to purchase any maintenance or support contracts for your computer hardware systems. We will have independent access to information and data that is electronically collected. There are no contractual limitations on this right. The data to be generated or stored in the computer systems will include standard customer contact information (e.g., name, address, email address, and phone number) and specific information about swim school participants (e.g., level of proficiency, lesson history, and transaction history). The data will not include credit card information.

You will be required to license the third-party School Operating and Management Software selected by us. The School Operating and Management Software is deployed through the World Wide Web and will facilitate your day-to-day operations, including scheduling, billing and other tasks.

If you are using the Enhanced Services Model, the cost to license the School Operating and Management Software is included in the Enhanced Services Fee you are required to pay to us. If you are not using the Enhanced Services Model, the cost to license the School Operating and Management Software is included in the amount of the Technology Fee that you will pay on a monthly basis (which is $400 per month as of the issuance date of this Franchise Disclosure Document). You will be required to enter into a Payment Processing Agreement with a third party we designate. The annual cost of this service will depend on your sales volumes.

We may require you to purchase a license for new, different or upgraded software at any time. You must pay the license fee set by us for the new, different or upgraded software. We will give you 90 days' notice before any required purchase of a license for new, different or upgraded software and will not require you to purchase such a license or implement the change until the new, different or upgraded software has been tested and implemented in company-owned locations, if there are then any such locations.

SwimLabs (in a Dual Brand Location) Video Related Electronic Equipment Systems

If you purchase the right to operate a SwimLabs Business (in a Dual Brand Location), you must purchase video related electronic equipment from a designated or approved supplier which contains the computer system and the software you need to record and analyze a swimmer's strokes. The software products include licenses from our approved vendors or us for the "Swim Software," the "Client Cloud Portal Access" software and the software we use to remotely access your computer system. "Swim Software" is proprietary software that analyzes the stroke and other physiological aspects of a client's swimming. The "Client Cloud Portal Access" program is a remote access portal that allows your clients to remotely access his or her swim lesson videos and stroke analysis done by the Swim Software. We provide software on your video computer system that allows us to remotely and independently access your computers to view the results of your Swim Software. We require you to use our designated third-party provider for various services including, but not limited to, the installation of the SwimLabs technology (such as the installation of the infrastructure lines and components to run the stoke analysis software), and to provide ongoing support. We estimate that the cost for the Electronic Equipment will range from $10,000 to $22,500. We are not obligated to provide you with support services, maintenance, repairs, upgrades or updates to your computer system, however we may help facilitate the purchase and installation of your system, which is provided through our Affiliates or a designated or approved supplier. We estimate that the annual cost for maintenance, repairs, upgrades or updates for each computer workstation, which must be provided through a designated or approved supplier, will range from $500 to $1,500.

Site Selection

You must select the site for the Franchised Business subject to our approval. Your proposed site must be submitted to us for approval within 90 days of signing the Franchise Agreement. Before leasing or purchasing the site for the Franchised Business, you must submit to us, in the form we specify, a description of the site, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We will have 30 days after we receive this information and materials to approve or disapprove the proposed site. If we do not approve or disapprove the proposed site within such 30 days, the site will be deemed disapproved. If we approve the site, our approval will be good for a maximum of 60 days. Factors that we may consider when reviewing your site include the size and dimensions of the site, visibility factors, traffic flow and patterns, access and exits to and from the site, area population and market conditions. If we do not approve your site, you will need to locate another site for your Franchised Business and receive our acceptance of the alternate site. In the event that we do not approve your alternate site, we may, at our sole discretion, extend your opening deadline. We may also extend the construction period of your Franchised Business to accommodate delays in selecting and obtaining our approval of an alternate site. If a site cannot be agreed upon, the Franchise Agreement could be terminated. You must purchase or lease, at your expense, the site for the Franchised Business within 60 days after we approve it and you must open your Franchised Business no later than 18 months after you sign the Franchise Agreement. If you do not open your Franchised Business within 18 months after you sign the Franchise Agreement, we may terminate your Franchise Agreement unless we grant you an extension of time in writing. You must obtain our approval of any sale or lease contract before you sign it.

This process also applies to site selection by an area developer who enters into an Area Development Agreement with us. After an area developer locates a site within the Development Territory that it believes is suitable for a Franchised Business in accordance with our then current site selection criteria, the area developer will provide us with information about the proposed location. Should we provide the area developer with final site authorization based on such criteria, the area developer will promptly enter into an individual Franchise Agreement for the corresponding Franchised Business.

Although your site is subject to our approval, you have the ultimate responsibility in choosing and obtaining the site for your Franchised Business. You will also be responsible for the oversight of all equipment, signage, fixtures, opening inventory and supplies deliveries and applicable installation, unless otherwise specified in the Operations Manual.

Once your Franchised Business has opened for business, you may only relocate the Franchised Business by complying with our relocation policy and procedures specified in the Operations Manual.

Schedule for Opening

If you are purchasing a new Franchised Business, we estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Hosted Location Franchise Business will be approximately three to six months while the opening of your Dedicated Location Franchise Business will be approximately ten to eighteen months. Unless we grant you an extension of time in writing, which may be granted or denied in our sole discretion, you must have your Franchised Business open and in operation no later than 18 months after you sign the Franchise Agreement. Some factors that may affect this timing are your ability to locate an acceptable site, the time to acquire the site through lease negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, the timing of the delivery and installation of equipment and signs and the time to renovate or build the premises.

<u>Operations Manual</u>

The Operations Manual contains approximately 568 pages.

<u>Initial Training: Launch Process and The Academy</u>

Before the opening of your Franchised Business, we will provide an initial training program throughout the launch process ("**Launch Process**") which we have developed based on the collective knowledge, insights and expertise we have gained through our experiences in operating company-owned and affiliate-owned SafeSplash Businesses, SwimLabs Businesses (in a Dual Brand Location) and Swimtastic Businesses and overseeing the SafeSplash, SwimLabs and Swimtastic franchise systems. In addition to the training that we provide during the Launch Process, you or your Designated Manager must complete our on-site training program ("**The Academy**") to our satisfaction and we encourage you to have your management team attend and complete The Academy program as well. The Academy was designed to help you drive value into your management team and Franchised Business by providing you with the capabilities to train your staff to deliver to the marketplace a product that is best in the industry. You are not permitted to open your Franchised Business unless and until you have completed the entire initial training program.

A focus of The Academy program is to ensure what is learned during training transfers to on-the-job behaviors. Training alone is not enough to ensure what is taught actually gets used on-the-job. You will also need to guide your staff to uphold these trainings and endeavor to incorporate them into the day-to-day operations of your Franchised Business. Based on these goals, The Academy utilizes the foremost training methodologies of tell, show and teach.

The Academy training will take place at our headquarters in Parker, Colorado. For Dedicated and Dual Brand Locations, The Academy will take place six months and two months prior to location opening. For a Hosted Location, the Academy training will take place approximately two months prior to the opening of the franchised business. The in-person training program lasts five to ten days per training trip and consists of classroom instruction, on-site training and off-site training. Prior to the training trips in Colorado, we will conduct online trainings during the Launch Process to prepare for the trainings in Colorado. We use the Operations Manual as the primary instructional material as well as other instruction materials focusing on franchise ownership, operations and includes relevant examples and templates relating to SafeSplash Businesses, SwimLabs Businesses (in a Dual Brand Location) and Swimtastic Businesses.

The Academy program is conducted at times and locations designated by us. You must successfully complete The Academy program two months before opening your Franchised Business. The on-site training is usually conducted at the 12240 Lioness Way, Parker, Colorado 80134 and nearby SafeSplash and / or SwimLabs facilities but we reserve the right to conduct the on-site portion of The Academy program at a different location in the future or to modify the delivery of the training in the event pandemic-related government restrictions are still in place.

There is no tuition or fee for this initial training program. You must pay for airfare, ground transportation, lodging, most meals, salaries and benefits and any other personal expenses incurred during this time by you and everyone else from your Franchised Business who attends the on-site portion of The Academy program.

If a Designated Manager's employment with you is terminated at any time during the term of your Franchise Agreement, you must designate a new Designated Manager who must successfully complete The Academy certifications within 90 days after the termination of the initial Designated Manager, unless we do not conduct such an initial training program during that 90-day period in which case the replacement Designated Manager must attend and successfully complete the first available initial training program held by us. We do not currently charge a training fee for a replacement Designated Manager, but we reserve the right to do so in the future. The costs for airfare, ground transportation, lodging, meals, the Designated Manager's salary and benefits and any other personal expenses incurred during this time by the Designated Manager must be paid by you.

The subjects covered during the Launch Process and The Academy initial training program are described below:

DUAL BRANDED LOCATION TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Finance	4	0	Remote and / or at a facility near Parker, Colorado.
SafeSplash / SwimLabs / Swimtastic Operations	21	0	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Registration Training	9	2	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Billing Training	4	2	Remote and / or at a facility near Parker, Colorado.
SafeSplash / SwimLabs / Swimtastic Marketing (Local and National)	20	2	Remote and / or at a facility near Parker, Colorado.
Customer Service Training	3	2	Remote and / or at a facility near Parker, Colorado.
Key Management Metrics	4	2	Remote and / or at a facility near Parker, Colorado.
SafeSplash / SwimLabs / Swimtastic Way - Culture Training	1	0	Remote and / or at a facility near Parker, Colorado.

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
School Operating and Management Software – Daily, Weekly, Monthly Reporting Training	4	0	Remote and / or at a facility near Parker, Colorado.
School Operations	3	5	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Curriculum Training	10	20	Remote and / or at a facility near Parker, Colorado.
On-site Curriculum and Operations Training	2	22	At your facility
Wholesale and Retail	2	0	Remote and / or at a facility near Parker, Colorado.
Total	**87**	**57**	

The subjects covered during the Launch Process and The Academy training program are described below:

DEDICATED LOCATION (SINGLE BRAND) TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Finance	4	0	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Operations	12	0	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Registration Training	9	2	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Billing Training	4	2	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Marketing (Local and National)	20	2	Remote and / or at a facility near Parker, Colorado.
Customer Service Training	3	2	Remote and / or at a facility near Parker, Colorado.

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Key Management Metrics	4	2	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Way - Culture Training	1	0	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Daily, Weekly, Monthly Reporting Training	4	0	Remote and / or at a facility near Parker, Colorado.
School Operations	3	3	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Curriculum Training	10	12	Remote and / or at a facility near Parker, Colorado.
On-site Curriculum and Operations Training	2	22	At your facility.
Wholesale and Retail	2	0	Remote and / or at a facility near Parker, Colorado.
Total	**78**	**47**	

HOSTED LOCATION TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
SafeSplash Swimtastic Finance	4	0	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Operations	17	0	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Registration Training	9	2	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Billing Training	4	2	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Marketing (Local and National)	20	2	Remote and / or at a facility near Parker, Colorado.

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Customer Service Training	3	2	Remote and / or at a facility near Parker, Colorado.
Key Management Metrics	4	2	Remote and / or at a facility near Parker, Colorado.
Streamline Brands Way - Culture Training	1	0	Remote and / or at a facility near Parker, Colorado.
School Operating and Management Software – Daily, Weekly, Monthly Reporting Training	4	0	Remote and / or at a facility near Parker, Colorado.
SafeSplash / Swimtastic Curriculum Training	10	10	Remote and / or at a facility near Parker, Colorado.
Wholesale / Retail	2	0	Remote and / or at a facility near Parker, Colorado.
Total	**68**	**20**	

Ongoing Training: The Academy Recertification

During the term of your Franchise Agreement, we will require you to complete an annual recertification training program ("**The Academy Recertification Training Program**"). The Academy Recertification Training Program lasts seven hours and consists of online training. The Academy Recertification Training Program provides updates to the topics and content relevant to the operations of your Franchised Business. You or your Designated Manager must attend and successfully complete The Academy Recertification Training Program to our satisfaction. There is no tuition or fee charged by us for The Academy Recertification Training Program.

The subjects covered in The Academy Recertification Training Program are described below:

ANNUAL RECERTIFICATION TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
School Operating and Management Software Annual Update Training	1	0	Online Training
SafeSplash / SwimLabs / Swimtastic Marketing Recertification	2	0	Online Training
Designated Manager Duties / Operations Recertification	1	0	Online Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
SafeSplash / SwimLabs / Swimtastic Curriculum Annual Update Recertification	3	0	Online Training
Total	**7**	**0**	

The Launch Process, The Academy initial training program, The Academy Recertification Training Program and any other ongoing training will be conducted under the direction of Laurie Abplanalp. Laurie is our Vice President of Launch Operations, Academy and Curriculum. She has held this position since January 2020. Overall, she has 10 years of experience in this industry and more than 30 years in the sport of swimming. We may change or substitute training personnel as necessary and we may delegate our duties and share our responsibilities with regard to training. Training personnel will typically have at least one year of experience in this industry.

We may present seminars, conventions or continuing development programs for the benefit of franchisees. Your attendance at most of these seminars is voluntary. However, you or your Designated Manager must attend any mandatory seminar, convention or program we may offer. We will give you at least 30 days' prior written notice of any seminar, convention or program that is considered mandatory. The locations of the mandatory seminars, conventions and programs will vary among the different regions of the country and the duration will typically be between one and two days. You may be required to pay a meeting fee for attendance at our seminars, conventions and programs and you must pay for your travel and living expenses incurred in attending any mandatory or voluntary seminar, convention or training program. Other than the initial training program and the seminars, conventions and programs described above, we do not currently offer any additional training programs.

ITEM 12
TERRITORY

You will be granted a territory ("**Authorized Territory**") in which to operate your Franchised Business. Your Authorized Territory for a Dedicated Location (both dual and single brand) will be approximately a five (5) mile radius from the site of your Franchised Business depending upon the demographics and physical geography of the area. It will be identified with a map by boundaries, zip codes or in miles' radius. Your Authorized Territory for a Hosted Location will be approximately a two and a half (2½) mile radius from the site of your Franchised Business depending upon the demographics and the physical geography of the area. If the Authorized Territory for a Hosted Location happens to have a location we have under contract when you are granted the rights to the territory, we will offer the right to use the location under the terms of our agreement with that facility, in which case you will be required to pay to us the Hosted Location Fee. Other than as designated in the Franchise Agreement, there are no conditions for keeping the rights to your Authorized Territory. You may market or advertise your Franchised Business outside of your Authorized Territory. You do not receive the automatic right to acquire additional franchises.

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

You must operate your Franchised Business at the specific location designated in the Franchise Agreement. Once we have designated your location you cannot move your Franchised Business without our prior written approval. Our approval is based on a variety of factors, including the demographics of the proposed new location. If you request to move your Franchised Business to a new location, we may charge you a relocation fee to evaluate the new location.

Although we will not grant another franchise in your Authorized Territory, customers from your Authorized Territory may purchase services and products from other SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses or directly from us or our Affiliates over the Internet, or in other reserved channels of distribution. As a result, the Authorized Territory will not be exclusive. At the same time, you may solicit or accept orders from customers outside of your Authorized Territory.

We reserve for ourselves the exclusive right to market any other products or services utilizing the Marks or other marks utilizing alternative distribution channels, including over the Internet, inside and outside of your Authorized Territory. We are not required to compensate you for any solicitation or acceptance of orders inside your Authorized Territory via alternative channels of distribution.

If you wish to relocate your Franchise Business, you must submit your request in writing to us. You must provide a complete detailed explanation of the reason for relocation and provide financial information, information regarding the new location site, including lease terms and other backup information with this request. We will have 30 days to review this request and will approve in writing. No response in that time will be considered a rejection of the request.

If we grant you area development rights, the Area Development Agreement you sign with us will grant to you an exclusive Development Territory within which you may establish, according to your Development Schedule, two or more Franchised Businesses. Your Development Territory will be defined by boundaries such as city, county or state limits or by other reasonable boundaries we may determine in our discretion and will be based on the number of Franchised Businesses you commit to opening under the terms of the Area Development Agreement and the size of the territory created by the collection of their respective Authorized Territories. The number of Franchised Businesses to be developed within the Development Territory is determined based on demographics and other characteristics of the Development Territory, including population density, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas in the Development Territory. Based on your proposal and our own research, we will negotiate with you the parameters of the Development Territory and how many Franchised Businesses must be established within the Development Territory. We will use our then current site selection criteria to evaluate each proposed Franchised Business location within the Development Territory presented to us. Each Authorized Territory for each such specific Franchised Business location to be established within the Development Territory will be determined at the time the Franchise Agreement is signed for each new Franchised Business. However, you do not receive the right to acquire additional franchises within your Franchise Territory unless you sign an Area Development Agreement, as discussed in more detail below.

Except as stated below, the Development Territory is exclusive to you unless you fail to meet the Development Schedule designated for your Development Territory. If you fail to meet that schedule, your exclusive rights to the Development Territory may be forfeited and we may grant franchises to other persons or entities to establish stores using the Marks and the System within the Development Territory.

We reserve the right, among others:

1. to use and to license others to use, the Marks and System for the operation of SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses at any location other than in the Authorized Territory, regardless of proximity to the Authorized Territory without compensation to you;

2. to use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Authorized Territory, in association with operations that are similar to or different than the Franchised Business without compensation to you;

3. to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution at any location including the Authorized Territory without compensation to you;

4. to offer the Services or products or grant others the right to offer the Services or products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than SafeSplash Businesses, SwimLabs Businesses or Swimtastic Businesses) or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Authorized Territory without compensation to you;

5. to any websites utilizing a domain name incorporating one or more of the words "Safe" and / or "Splash" and / or "SwimLabs" and / or "Swimtastic" or similar derivatives thereof. We retain the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, co-branding and other arrangements. Franchisees may not independently market on the Internet or use any domain name, address, locator, link, metatag or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without our prior written approval. We intend that any Franchisee website be accessed only through our home page. Franchisees will provide us with content for our Internet marketing and will sign Internet and intranet usage agreements, if any. We retain the right to approve any linking or other use of our website;

6. to acquire businesses that are the same as or similar to the Franchised Business and operate such businesses regardless of where such businesses are located, including inside the Authorized Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Franchised Business regardless of where such businesses are located, including inside the Authorized Territory; and

7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We reserve the right to issue mandatory policies, including pricing and promotion policies, to coordinate such multi-area marketing programs.

Except, described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are, or in the future may be, owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Currently, the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the trademarks "SAFESPLASH SWIM SCHOOL", or "SWIMLABS" or "SWIMTASTIC" and various designs and logo types associated with our products and services. You may also use our other current or future Marks as we may designate to operate your Franchised Business. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator of the Franchised Business and you shall use only the appropriate and authorized Marks as indicated by us. We own all of the Marks described below.

<u>SafeSplash Business</u>

If you are granted the right to operate a SafeSplash Business, we will license to you the following Marks which we have registered with the USPTO on the Principal Register:

Mark	Filing or Registration Date	Serial / Registration Number	Status
	January 16, 2007 (Renewed on June 8, 2016)	3,198,921	Registered on the Principal Register
SafeSplash Swim School	January 2, 2007 (Renewed on June 9, 2016)	3,194,154	Registered on the Principal Register
Swimming…A Life Skill!	December 12, 2015	4,863,229	Registered on the Principal Register
SafeSplash Match	November 28, 2017	5,343,822	Registered on the Principal Register
	June 20, 2017	5,227,227	Registered on the Principal Register
	July 2, 2019	5,791,205	Registered on the Principal Register
BUBBLES TO BUTTERFLYS	November 19, 2019	5,911,989	Registered on the Principal Register
SafeSplash Certified	August 18, 2020	6,130,519	Registered on the Principal Register

Mark	Filing or Registration Date	Serial / Registration Number	Status
swimming is a life skill	March 29, 2022	97,335,781	Pending

We will also license to you the following unregistered and common law Mark:

Mark	Filing or Registration Date	Serial / Registration Number	Status
SAFESPLASH SWIM SCHOOL	Common Law	Common Law	Common Law
BUBBLES TO BUTTERFLY	Common Law	Common Law	Common Law

We do not have a federal registration for the trademark listed in the table above. Therefore, this trademark does not have as many legal benefits and rights as a federally-registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

<u>SwimLabs Business (in a Dual Brand Location)</u>

If you are granted the right to operate a SwimLabs Business (in a Dual Brand Location), we will license to you the following Marks which we have registered with the USPTO on the Principal Register:

Mark	Registration Date	Registration Number	Status
SwimLabs	December 23, 2014	4,658,736	Registered on the Principal Register
Ripples to Waves Making Swim Lessons Available to Everyone	June 20, 2017	5,227,227	Registered on the Principal Register
SwimLabs Swim School KIDS I COMPETITIVE I TRIATHLETE	July 14, 2020	6,102,568	Registered on the Principal Register
Swim Faster … Faster	March 2, 2021	6,283,521	Registered on the Principal Register

We will also license to you the following unregistered and common law Marks:

Mark	Filing or Registration Date	Serial / Registration Number	Status
SwimLabs Swim School KIDS | COMPETITIVE | TRIATHLETE	Common Law	Common Law	Common Law
SwimLabs Certified	Common Law	Common Law	Common Law
SwimLabs Match	Common Law	Common Law	Common Law

We do not have a federal registration for the trademarks listed in the table above. Therefore, these trademarks do not have as many legal benefits and rights as federally-registered trademarks. If your right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

<u>Swimtastic Business</u>

If you are granted the right to operate a Swimtastic Business, we will license to you the following Marks which we have registered with the USPTO on the Principal Register:

Mark	Registration Date	Registration Number	Status
	June 27, 2000 (Renewed on August 17, 2020)	2,361,870	Registered on the Principal Register
Swimtastic	October 20, 1998 (Renewed on October 29, 2018)	2,199,001	Registered on the Principal Register
Smart Fish Swim In Schools	May 3, 2011 (Renewed on July 10, 2020)	3,954,761	Registered on the Principal Register
Ripples to Waves Making Swim Lessons Available to Everyone	November 8, 2016	5,227,227	Registered on the Principal Register
SWIMTASTIC SWIM SCHOOL	January 7, 2020	5,956,336	Registered on the Principal Register

	January 7, 2020	5,956,337	Registered on the Principal Register

We will also license to you the following common law Mark:

Mark	Filing or Registration Date	Serial / Registration Number	Status
	Common Law	Common Law	Common Law

We do not have a federal registration for the trademark listed in the table above. Therefore, this trademark does not have as many legal benefits and rights as a federally-registered trademark. If your right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits have been filed and accepted by the USPTO.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags or search techniques, except as we license to you. You must get our prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You may not use our Marks with an unauthorized product or service or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of, or ownership rights in, these Marks. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. No currently effective litigation affects our use or ownership rights in any Mark. Except as described above, no currently effective agreement limits our right to use or license the use of our Marks.

You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole discretion, to protect the unauthorized use of our Marks, which may include our payment of reasonable costs associated with the action. We are not obligated to protect your rights to use the Marks or protect you against any claims of infringement or unfair competition arising out of your use of Marks. We will have no obligation to defend or indemnify you if a claim against you relates to your use of the Marks in violation of the Franchise Agreement.

You must modify or discontinue the use of a Mark if we modify or discontinue its use. If this happens, we will reimburse you for your tangible cost of compliance (for example, changing signs) if you are required to modify or discontinue use due to an infringement claim, court order or settlement with a third party. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business or the System.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses using trademarks, trade names or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Franchised Business, you should research this possibility, using telephone directories, trade directories, Internet directories or otherwise in order to avoid the possibility of having to change the name of your Franchised Business.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by you and your employees are described in this Franchise Disclosure Document. The designs contained in the Marks, the layout of our advertising materials, as well as any other writings or recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Operations Manual, the Marks, the advertising materials or other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyright Works**") in connection with the operation of your Franchised Business, but such copyrights remain our sole property.

You must notify us within three days after you learn about another's use of language, a visual image or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyright Works or if someone challenges your use of our Copyright Works. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyright Works, which may include payment of reasonable costs associated with the action.

We will indemnify, hold harmless and reimburse you for your liability and reasonable costs in connection with defending your use of our Copyright Works. To receive reimbursement, you must have notified us within the required timeframe upon your learning of the use of identical or substantially similar language or visual image and you must have used the Copyright Works only per the terms of the Franchise Agreement.

You must add, modify or discontinue the use of a Copyright Work if we instruct you to do so. You must not directly or indirectly contest our rights to any of our Copyright Works that are part of our business or the System.

Our Operations Manual, electronic information and communications, sales and promotional materials and the development and use of other related materials are proprietary and confidential and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our information and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and confidential information.

No patents are material to us at this time.

We own all records with respect to the customers, suppliers and other service providers of and related in any way to, your Franchised Business. This includes, without limitation, all databases (whether in print, electronic or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all customers, suppliers and other service providers for quality control, market research and such other purposes, as we deem appropriate, in our sole discretion.

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

You, or your managing shareholder or partner, are not obligated to participate personally in the direct operation of your Franchised Business so long as a designated manager ("**Designated Manager**"), who has completed our initial training program and ongoing mandatory trainings, does so. If you are a legal or business entity, your Designated Manager need not own an equity interest in the entity. You or your Designated Manager must devote full time and best efforts to the management and operation of your Franchised Business. You or, if applicable, your Designated Manager, must successfully complete our mandatory initial training program by demonstrating to us appropriate levels of competence in the subject matters taught in the training program, in our discretion. If your Designated Manager's employment with you is terminated, you must designate a new Designated Manager who must successfully complete our initial training program within 90 days after the termination of the initial Designated Manager, unless we do not hold an initial training program during that 90-day period, in which case the replacement Designated Manager must attend and successfully complete the first available initial training program held by us. The Designated Manager must agree to the same confidentiality and noncompetition obligations that you are required to abide by (See Nondisclosure and Noncompetition Agreement attached to this Franchise Disclosure Document as **Exhibit D**).

Additionally, when you enter into a Franchise Agreement, you and all of the shareholders of the securities of your franchisee entity (if you are a corporation), all of the partners (if you are a partnership), and all of the members of your franchisee entity (if you are a limited liability company) must sign the Guaranty and Assumption of Franchisee's Obligations (**Attachment B** to the Franchise Agreement). Similarly, if you are also entering into an Area Development Agreement, you and all of the shareholders of the securities of your area developer entity (if you are a corporation), all of the partners (if you are a partnership), and all of the members of your area developer entity (if you are a limited liability company) must sign the Guaranty and Assumption of Franchisee's Obligations (Attachment B to the Franchise Agreement (**Attachment C** to the Area Development Agreement).

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell and offer only those services and products which are authorized by us and which meet our standards and specifications. You must offer all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you and the Franchise Agreement does not limit our right to make changes to the types of approved products and services. You must discontinue offering any services or products which we may, in our discretion, disapprove in writing at any time. No service or product, except approved services and products, may be offered to customers from your Franchised Business unless you receive our prior written consent (which may be granted or denied in our sole discretion). There are no limits or restrictions regarding customers to whom you may sell services and products, as long as such services and products are approved by us.

Except as described in this Item16, there are no restrictions on the prices at which you may sell the approved services or products, except that we may recommend prices, set maximum prices and determine pricing strategy of multi-area marketing programs, as permitted by law.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision		Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 4.	10 years.
b.	Renewal or extension of the term	Section 4.	Your renewal right permits you to continue to operate your Franchised Business after the initial term of your Franchise Agreement expires. If you wish to do so and you satisfy the required pre-conditions to renewal, we will offer you the right to obtain an additional 10-year term. You must sign our then-current Franchise Agreement (“**Successor Franchise Agreement**”) for the renewal term and this Successor Franchise Agreement may have different terms and conditions (including fees and contributions) from the Franchise Agreement than covered your original term.
c.	Requirements for franchisee to renew or extend	Section 4.	Notice; no material default or money owed; sign Successor Agreement which may have different terms and conditions (including fees and contributions) from the Franchise Agreement that covered your original term; pay renewal fee. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d.	Termination by you	Section 18.	A termination by you will be deemed to be a termination without cause and a breach.
e.	Termination by us without cause†	Section 18.	We may, at our discretion, terminate your Franchise Agreement if you fail to cure any defaults under any of your Franchise Agreements with us or any other agreement (including an Area Development Agreement with us) if that other agreement is material to the Franchised Business.

Provision		Section in Franchise Agreement	Summary
f.	Termination by us with cause†	Section 18.	We can terminate upon the occurrence of one or more default events.
g.	"Cause" defined - defaults which can be cured	Section 18.	You have 30 days to cure, including failure to comply with Franchise Agreement, System, Operations Manual, non-payment of fees and other obligations, failure to comply with federal, state and local laws, operating the Franchised Business in a manner that presents a significant health or safety hazard to its students and receiving a score below 70% on our annual quality assurance ("**QA**") evaluation, and failure to comply with any of your Franchise Agreements with us or any other agreement (including an Area Development Agreement with us) if that other agreement is material to the Franchised Business.
h.	"Cause" defined – non-curable defaults	Section 18.	Non-curable defaults include misrepresentation by you, failure to open on time, unauthorized disclosure of Confidential Information or Trade Secrets, abandonment, bankruptcy[††], insolvency or appointment of a receiver, a material judgment is obtained against you, conviction of any type of felony or a felony or misdemeanor against a child, failure to pay amounts due to us, trademark misuse, two defaults within a 12 month period or three total defaults, unauthorized transfer, change in ownership without approval, refusal to submit or false financial report submissions, engaging in authorized business practices, contesting ownership of the Marks, failure to complete Initial Training, any misrepresentations and failure, refusal or neglect to take appropriate and necessary measures at the Swim Facility to protect any student of the Franchised Business whose health or safety is in imminent and significant danger when you are aware of, or should be aware of, such danger.

Provision		Section in Franchise Agreement	Summary
i.	Your obligations on termination / non-renewal	Sections 7, 15 & 18.	Obligations include complete de-identification, noncompetition and payments of amounts due and the removal and return of all Confidential Information and records.
j.	Assignment of contract by us†	Section 16.	No restriction on our right to assign.
k.	"Transfer" by you – definition†	Section 16.	Includes transfer of interest in Franchise Agreement, Franchise or all or a substantial portion of assets of your Franchised Business.
l.	Our approval of transfer by you	Section 16.	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	Section 16.	You are in full compliance with the Franchise Agreement, transferee is purchasing all of your assets used in the Franchised Business, new franchisee qualifies, Transfer Fee paid, transferee executes separate Franchise Agreement, execute a general release†† training arranged and transferee personal guarantee.
n.	Our right of first refusal to acquire your business	Section 17.	We can match any written offer for your business.
o.	Our option to purchase your business	Section 17.	We may purchase your inventory and equipment at fair market value if Franchise Agreement is terminated for any reason.
p.	Your death or disability	Section 16.	Franchise must be assigned by estate to an approved third party within six months.
q.	Noncompetition covenants during the term of the franchise	Section 15.	Subject to state law, no involvement with any business offering "learn to swim" lessons or content / curriculum.
r.	Noncompetition covenants after the franchise is terminated or expires†	Section 15.	Subject to state law, no competing business for two years within 25 miles from the boundary of your Authorized Territory or from another franchised, franchisor-owned or affiliated company-owned premises.
s.	Modification of the agreement†	Section 22.	No modification except by written document executed by you and us, but Operations Manual subject to change†.

	Provision	Section in Franchise Agreement	Summary
t.	Integration / merger clause	Section 22.	Only the terms of the Franchise Agreement are binding (subject to state law); any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution	Section 21.	Except for certain claims all disputes must be arbitrated.
v.	Choice of forum†	Section 21.	Colorado (subject to state law).
w.	Choice of law†	Section 22.	Colorado (subject to state law).

AREA DEVELOPMENT AGREEMENT

	Provision	Section in Area Development Agreement	Summary
a.	Length of the franchise term	Section 2.	Earlier of 10 years or the completion of the term of the development schedule.
b.	Renewal or extension of the term	Section 2.	"Renewal" and "extension" of the Area Development Agreement have the same meaning: additional time granted to you by us, in our sole discretion, to fulfill the terms and conditions of the Area Development Agreement. We have the sole discretion to permit a renewal or extension of the Area Development Agreement.
c.	Requirements for franchisee to renew or extend	Section 2.	If we permit a renewal or extension of the Area Development Agreement, we will only do so if you have not committed a default in your obligations under the Area Development Agreement or any other agreement with us or an Affiliate, and you must agree to a new development schedule in writing. Additionally, as a condition to such renewal or extension, we may ask you to sign an agreement with materially different terms and conditions from the original agreement.
d.	Termination by you	None.	Not Applicable.

	Provision	Section in Area Development Agreement	Summary
e.	Termination by us without cause	Section 7.	We may, at our discretion, terminate your Area Development Agreement if you fail to perform any of your obligations under any of your Franchise Agreements with us or if any such Franchise Agreements are terminated for any reason regardless as to whether such Franchise Agreement was issued pursuant to the Area Development Agreement.
f.	Termination by us with cause	Section 7.	We can terminate if you commit any one of several violations.
g.	"Cause" defined - defaults which can be cured	None.	Not Applicable. Termination of your Area Development Agreement will not, on its own, permit us to also terminate any of your Franchise Agreements.
h.	"Cause" defined – non-curable defaults	Section 7.	Defaults include failure to comply with Development Schedule, failure to perform under the Area Development Agreement, or fail to comply with Area Development Agreement. Termination of your Area Development Agreement will not, on its own, permit us to also terminate any of your Franchise Agreements.
i.	Your obligations on termination/non-renewal	Sections 10 & 11.	Obligations include noncompetition and confidentiality.
j.	Assignment of contract by us	Section 8.	No restriction of our right to assign.
k.	"Transfer" by you - definition	Section 8.	Includes transfer of interest in Area Development Agreement.
l.	Our approval of transfer by you	Section 8.	We have the right to approve all transfers.
m.	Conditions for our approval of transfer	Section 8.	All obligations must be paid; you must not be in default; execute general release[††]; transferee must execute separate Area Development Agreement; new transferee qualifies; execution of Franchise Agreement; and pay Transfer Fee.
n.	Our right of first refusal to acquire your business	Section 8.	We can match any written offer for your business.
o.	Our option to purchase your business	None	Not Applicable.
p.	Your death or disability	Not Applicable.	Not Applicable.

Provision		Section in Area Development Agreement	Summary
q.	Noncompetition covenants during the term of the franchise	Section 11.	Subject to state law, no attempt to divert business or customers, employ any employee of us or own, work for or assist any competitor of SafeSplash, Swimtastic, or SwimLabs.
r.	Noncompetition covenants after the franchise is terminated or expires	Section 11.	Subject to state law, no competing for two years within your Development Territory, within 25 miles of any other franchisee's or licensee's territory or within 25 miles of franchisor-owned or affiliated company-owned premises.
s.	Modification of the agreement†	Sections 12 and 22.	Franchisor may unilaterally modify its Operations Manual; this agreement may be modified by written agreement between you and Franchisor.
t.	Integration / merger clause	Section 12.	Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 21.	Except for certain claims all disputes must be arbitrated.
v.	Choice of forum†	Section 18	Colorado (subject to State law).
w.	Choice of law†	Section 18	Colorado (subject to State law).

† See **Exhibit I**.

†† The Franchise Agreement and Area Development Agreement may provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC 101 *et seq.*)

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.

This Item 19 is a historic representation based on past performances of certain Franchised Businesses in 2021 which operate Dual Brand Locations, Dedicated Locations, and Hosted Locations.

The information in this Item 19 was prepared from sales records and reports from the Franchise Businesses operated by these franchisees. Their numbers have not been audited and we have not independently verified their numbers. We further recommend that prospective franchisees consult with professional advisors before executing any agreement.

The figures in Table No. 1, Table No. 2, and Table No. 3 below present revenue and expenses experienced by Dual Brand Locations; SafeSplash Businesses, SwimLabs Businesses, and Swimtastic Businesses under the Dedicated Location format; and SafeSplash Businesses, SwimLabs Businesses, and Swimtastic Businesses under the Hosted Location format, respectively, resulting from the sale of authorized services and products by their respective outlets in the United States during the period between January 1, 2021 and December 31, 2021.

As of December 31, 2021, we had 110 Franchised Businesses in the United States consisting of Dual Brand Locations, SafeSplash Businesses, SwimLabs Businesses, and Swimtastic Businesses. Of these 110 Franchised Businesses, 14 Franchised Businesses are operated as Dual Brand Locations, 30 Franchised Businesses are operated as Dedicated Locations and 66 Franchised Businesses are operated as Hosted Locations.

Some franchises have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.

TABLE NO. 1
DUAL BRAND LOCATIONS (FRANCHISED BUSINESSES)

DUAL BRAND LOCATIONS	LOW	HIGH	Median of Locations That Satisfied Reporting Criteria	Average of Locations That Satisfied Reporting Criteria	Number of Locations At or Above Average
Years in Operation (2)	1	4	2	2	8 of 9 (89%)
Lesson Slots Filled Per Month (3)	402	1,268	782	737	6 of 9 (67%)
REVENUE	Amount	Amount	Amount	Amount	
Swimming Revenue (4)	$ 467,635	$ 1,026,349	$ 850,778	$ 770,052	6 of 9 (67%)
Registration Fees (5)	$ -	$ 69,208	$ 40,488	$ 38,263	5 of 9 (56%)
Miscellaneous Revenue (6)	$ 9,329	$ 32,021	$ 20,405	$ 19,881	6 of 9 (67%)
Total Revenue (7)	$ 484,764	$ 1,111,602	$ 929,732	$ 823,945	6 of 9 (67%)
COST OF GOODS SOLD (COGS)	Amount	Amount	Amount	Amount	
Lessons - Salaries & Taxes (8)	$ 67,159	$ 195,689	$ 126,952	$ 124,000	5 of 9 (56%)
Miscellaneous Costs (9)	$ -	$ 10,431	$ 1,773	$ 3,814	4 of 9 (44%)
Total Cost of Goods Sold (10)	$ 67,913	$ 201,457	$ 129,414	$ 127,814	5 of 9 (56%)
GROSS PROFIT	Amount	Amount	Amount	Amount	
Gross Profit (11)	$ 400,250	$ 969,744	$ 728,275	$ 696,131	6 of 9 (67%)
TOTAL OPERATING EXPENSES	Amount	Amount	Amount	Amount	
Total Operating Expenses (12)	$ 236,933	$ 506,051	$ 400,453	$ 388,902	5 of 9 (56%)
EBITDAR	Amount	Amount	Amount	Amount	
EBITDAR (13)	$ 113,141	$ 482,657	$ 343,892	$ 307,228	6 of 9 (67%)

Notes to Table No. 1:

(1) Of the 14 Franchised Businesses operated as Dual Brand Locations, nine (9) Dual Brand Locations met all of the following criteria ("**Dual Brand Location Reporting Criteria**"): each location had been open and operating for at least 12 months and submitted financial reports to us. The five Franchised Businesses operated as Dual Brand Locations which did not meet the Dual Brand Location Reporting Criteria submitted financial reports to us but had not been open and operating for at least 12 months. The low, high, median, and average figures contained in Table No. 1 were calculated on a per location basis.

(2) "**Years in Operations**" means the number of years the Franchised Business has been in operation.

(3) "**Lesson Slots Filled Per Month**" represents the number of class slots that are filled. One (1) student in a group class accounts for one (1) slot filled. One (1) student in a semi-private class accounts for two (2) slots filled. One (1) student in a private class accounts for four (4) slots filled.

(4) "**Swimming Revenue**" means revenue that is derived from providing swim lessons and other authorized and related services at the location.

(5) "**Registration Fees**" means revenue that is derived from annual registration fees paid by students to participate in any of our programs.

(6) “**Miscellaneous Revenue**” means any other revenue not included in Swimming Revenue, such as: swimming related products like swim caps, googles and towels; children’s snacks like cheese strips, animal crackers, and juice bottles; and revenue that is derived from the rental of a staffed facility and pool by a private party for the purpose of celebrating a birthday or special event.

(7) “**Total Revenue**” means the sum of Swimming Revenues, Registration Fees, and Miscellaneous Revenue.

(8) “**Lesson Salaries & Taxes**” means the labor costs and payroll taxes for swim instructors, lifeguards, and pool deck supervisors.

(9) “**Miscellaneous Costs**” means the expenses for retail inventory purchases (such as googles, swim caps and other swimming related product), food goods, and party supplies.

(10) “**Total Cost of Goods Sold**” means the sum of Lesson Salaries, Payroll Taxes, and Inventory.

(11) “**Gross Profit**” means the difference between Total Revenue distributed and Total Cost of Goods Sold.

(12) “**Total Operating Expenses**” means total operating expenses incurred through normal business operations after gross profit with the exception of direct lease and property taxes.

(13) “**EBITDAR**” means earnings after all expenses except for the following: depreciation, amortization, income & property taxes, interest, and lease or direct building ownership expenses (considered real estate expense).

TABLE NO. 2
DEDICATED LOCATIONS (FRANCHISED BUSINESSES)

DEDICATED LOCATIONS	LOW	HIGH	Median of Location That Satisfied Reporting Criteria	Average of Locations That Satisfied Reporting Criteria	Number of Locations At or Above Average
Years in Operation (2)	2	23	5	9	4 of 12 (33%)
Lesson Slots Filled Per Month (3)	538	1403	802	867	5 of 12 (42%)
REVENUE	Amount	Amount	Amount	Amount	
Swimming Revenue (4)	$ 463,712	$ 1,513,927	$ 900,706	$ 940,924	6 of 12 (50%)
Registration Fees (5)	$ -	$ 69,208	$ 19,953	$ 25,922	6 of 12 (50%)
Miscellaneous Revenue (6)	$ -	$ 28,840	$ 18,558	$ 16,323	7 of 12 (58%)
Total Revenue (7)	$ 492,730	$ 1,589,429	$ 949,877	$ 983,169	5 of 12 (42%)
COST OF GOODS SOLD (COGS)	Amount	Amount	Amount	Amount	
Lessons - Salaries & Taxes (8)	$ 71,184	$ 397,734	$ 235,520	$ 217,266	5 of 12 (42%)
Miscellaneous Costs (9)	$ -	$ 11,133	$ 3,867	$ 4,128	5 of 12 (42%)
Total Cost of Goods Sold (10)	$ 71,184	$ 408,240	$ 241,284	$ 221,393	7 of 12 (58%)
GROSS PROFIT	Amount	Amount	Amount	Amount	
Gross Profit (11)	$ 409,117	$ 1,251,633	$ 747,839	$ 761,775	6 of 12 (50%)
TOTAL OPERATING EXPENSES	Amount	Amount	Amount	Amount	
Total Operating Expenses (12)	$ 112,006	$ 626,752	$ 277,294	$ 327,487	5 of 12 (42%)
EBITDAR	Amount	Amount	Amount	Amount	
EBITDAR (13)	$ 166,464	$ 779,679	$ 420,914	$ 434,288	5 of 12 (42%)

Notes to Table No. 2:

(1) Of the 27 Franchised Businesses operated as Dedicated Locations, 12 Dedicated Locations met all of the following criteria ("**Dedicated Location Reporting Criteria**"): each location had been open and operating for at least 12 months, submitted financial reports to us, and had been operating as either a SafeSplash Dedicated Location or Swimtastic Dedicated Location. In this table, we intentionally excluded information relating to any SwimLabs Dedicated Locations because, as of the issuance date of this Franchise Disclosure Document, we only offer SwimLabs Businesses in a Dedicated Location format in conjunction with a SafeSplash Business or Swimtastic Business (as part of a Dual Brand Dedicated Location).

Of the 12 Dedicated Locations included in Table No. 2, seven (7) Dedicated Locations use the Enhanced Services Model, while the remaining five (5) Dedicated Locations use the Royalty Model (and, therefore, do not use the optional Enhanced Services Model offered by us). Of the five (5) Dedicated Locations which use the Royalty Model, three (3) Dedicated Locations are Franchised Businesses which were already existing at the time they were incorporated into our franchise network through an acquisition, and two (2) Dedicated Locations opted out of the Enhanced Services Model. Because the fees associated with the Enhanced Services Model are based on a percentage of revenue generated by the Franchised Business, a Franchised Business which uses the Enhanced Services Model may experience significantly greater cost efficiencies in the early stages of its maturity as compared the later stages of its maturity. Similarly, a Franchised Business which uses the Enhanced Services Model and operates at relatively low revenue may experience significantly greater cost efficiencies as compared to a Franchised Business that operates at relatively high revenue.

Of the 15 Franchised Businesses operated as Dedicated Locations which did not meet the Dedicated Location Reporting Criteria, 12 Franchised Businesses are SwimLabs Dedicated Locations, and three Franchised Businesses had not been open and operating for at least 12 months.

For the sake of clarity, the number of Franchised Businesses in this Table No. 2 does not include any SwimLabs Dedicated Locations or Dual Brand Locations.

(2) "**Years in Operations**" means the number of years the Franchised Business has been in operation.

(3) "**Lesson Slots Filled Per Month**" represents the number of class slots that are filled. One (1) student in a group class accounts for one (1) slot filled. One (1) student in a semi-private class accounts for two (2) slots filled. One (1) student in a private class accounts for four (4) slots filled.

(4) "**Swimming Revenue**" means revenue that is derived from providing swim lessons and other authorized and related services at the location.

(5) "**Registration Fees**" means revenue that is derived from annual registration fees paid by students to participate in any of our programs.

(6) "**Miscellaneous Revenue**" means any other revenue not included in Swimming Revenue, such as: swimming related products like swim caps, googles and towels; children's snacks like cheese strips, animal crackers, and juice bottles; and revenue that is derived from the rental of a staffed facility and pool by a private party for the purpose of celebrating a birthday or special event.

(7) "**Total Revenue**" means the sum of Swimming Revenues, Registration Fees, and Miscellaneous Revenue.

(8) "**Lesson Salaries & Taxes**" means the labor costs and payroll taxes for swim instructors, lifeguards, and pool deck supervisors.

(9) "**Miscellaneous Costs**" means the expenses for retail inventory purchases (such as googles, swim caps and other swimming related product), food goods, and party supplies.

(10) "**Total Cost of Goods Sold**" means the sum of Lesson Salaries, Payroll Taxes, and Inventory.

(11) "**Gross Profit**" means the difference between Total Revenue distributed and Total Cost of Goods Sold.

(12) "**Total Operating Expenses**" means total operating expenses incurred through normal business operations after gross profit with the exception of direct lease and property taxes.

(13) "**EBITDAR**" means earnings after all expenses except for the following: depreciation, amortization, income & property taxes, interest, and lease or direct building ownership expenses (considered real estate expense).

TABLE NO. 3
HOSTED LOCATIONS (FRANCHISED BUSINESSES)

HOSTED LOCATIONS	LOW	HIGH	Median of Location That Satisfied Reporting Criteria	Average of Locations That Satisfied Reporting Criteria	Number of Franchisees At or Above Average
Number of Hosted Locations Per Franchisee (2)	1	9	3	4	5 of 11 (45%)
Years in Operation for Franchisee (3)	4	7	5	5	6 of 11 (55%)
Lesson Slots Filled Per Month by Franchisee (4)	117	1,029	319	419	3 of 11 (27%)
REVENUE	Amount	Amount	Amount	Amount	
Swimming Revenue (5)	$ 119,469	$ 1,673,995	$ 321,794	$ 422,953	3 of 11 (27%)
Registration Fees (6)	$ -	$ 59,959	$ 24,210	$ 25,217	4 of 11 (36%)
Miscellaneous Revenue (7)	$ -	$ 8,289	$ -	$ 1,531	2 of 11 (18%)
Total Revenue (8)	$ 126,464	$ 1,735,089	$ 321,794	$ 445,117	2 of 11 (18%)
COST OF GOODS SOLD (COGS)	Amount	Amount	Amount	Amount	
Lessons - Salaries & Taxes (9)	$ 27,057	$ 395,956	$ 71,676	$ 124,795	4 of 11 (36%)
Miscellaneous Costs (10)	$ -	$ 623	$ -	$ 73	2 of 11 (18%)
Total Cost of Goods Sold (11)	$ 27,057	$ 395,956	$ 71,806	$ 124,868	4 of 11 (36%)
GROSS PROFIT	Amount	Amount	Amount	Amount	
Gross Profit (12)	$ 99,407	$ 1,556,263	$ 224,494	$ 320,248	2 of 11 (18%)
TOTAL OPERATING EXPENSES	Amount	Amount	Amount	Amount	
Total Operating Expenses (13)	$ 6,756	$ 608,440	$ 123,028	$ 157,458	3 of 11 (27%)
EBITDAR	Amount	Amount	Amount	Amount	
EBITDAR (14)	$ 22,939	$ 947,824	$ 101,814	$ 162,790	1 of 11 (9%)

Notes to Table No. 3:

(1a) Of the 60 Franchised Businesses operated as Hosted Locations, 40 Hosted Locations met all of the following criteria ("**Hosted Location Reporting Criteria**"): each location had been open and operating for at least 12 months and submitted financial reports to us. The results of the remaining Hosted Locations did not satisfy one or more of the Hosted Location Reporting Criteria. Of the 20 Franchised Businesses operated as Hosted Locations which did not meet the Hosted Location Reporting Criteria, six Franchised Businesses had not been open and operating for at least 12 months and 14 Franchised Businesses did not submit financial reports to us. The 40 Hosted Locations which satisfied all of the Hosted Location Reporting Criteria are operated by 11 franchisees.

(1b) Unlike Table No. 1 and Table No. 2 in this ITEM 19, the low, high, median, and average figures contained in Table No. 3 relating to Hosted Locations were calculated on a <u>per franchisee basis</u> (rather than a per location basis), which reflects the manner in which such financial information is maintained and provided to us by the franchisees. Furthermore, this approach is related to the economics of the Hosted Location format, which differ from those of the Dual Brand Location format and Dedicated Location format and likely prompt franchisees to recognize revenue across their various locations (rather than at the unit level) since they typically measure their costs across their various locations (rather than at the unit level).

(2) "**Number of Hosted Locations Per Franchisee**" means the number of Hosted Locations a specific franchisee operates. We strongly recommend franchisees operate at least two (2) Hosted Locations. The following is a breakdown of the number of Hosted Locations operated by each of the 11 franchisees whose 40 Hosted Locations satisfied all of the Hosted Location Reporting Criteria:

- One (1) of the 11 franchisees operates one (1) Hosted Location
- Two (2) of the 11 franchisees operate two (2) Hosted Locations
- Three (3) of the 11 franchisees operate three (3) Hosted Locations
- Three (3) of the 11 franchisees operate four (3) Hosted Locations
- One (1) of the 11 franchisees operates five (5) Hosted Locations
- One (1) of the 11 franchisees operates nine (9) Hosted Locations

(3) "**Years In Operation For Franchisee**" means the number of years the franchisee has operated in our franchise system.

(4) "**Lesson Slots Filled Per Month by Franchisee**" represents the number of class slots that are filled by the franchisee. One (1) student in a group class accounts for one (1) slot filled. One (1) student in a semi-private class accounts for two (2) slots filled. One (1) student in a private class accounts for four (4) slots filled.

(5) "**Swimming Revenue**" means revenue that is derived from providing swim lessons and other authorized and related services at the location.

(6) "**Registration Fees**" means revenue that is derived from annual registration fees paid by students to participate in any of our programs.

(7) "**Miscellaneous Revenue**" means any other revenue not included in Swimming Revenue, such as: swimming related products like swim caps, googles and towels; children's snacks like cheese strips, animal crackers, and juice bottles; and revenue that is derived from the rental of a staffed facility and pool by a private party for the purpose of celebrating a birthday or special event.

(8) "**Total Revenue**" means the sum of Swimming Revenues, Registration Fees, and Miscellaneous Revenue.

(9) "**Lesson Salaries & Taxes**" means the labor costs and payroll taxes for swim instructors, lifeguards, and pool deck supervisors.

(10) "**Miscellaneous Costs**" means the expenses for retail inventory purchases (such as googles, swim caps and other swimming related product), food goods, and party supplies.

(11) "**Total Cost of Goods Sold**" means the sum of Lesson Salaries, Payroll Taxes, and Inventory.

(12) "**Gross Profit**" means the difference between Total Revenue distributed and Total Cost of Goods Sold.

(13) "**Total Operating Expenses**" means total operating expenses incurred through normal business operations after gross profit with the exception of direct lease and property taxes.

(14) "**EBITDAR**" means earnings after all expenses except for the following: depreciation, amortization, income & property taxes, interest, and lease or direct building ownership expenses (considered real estate expense).

Other Notes and Comments Which Apply to Table No. 1, Table No. 2, and Table No. 3:

(1) The figures presented in Table No. 1, Table No. 2, and Table No. 3 are derived from the aggregate sales of the SafeSplash, Swimtastic, SwimLabs, and Dual Brand Location Products and Services, prepared from sales records and reports, as generated by independent accountants, QuickBooks, and franchisees, and submitted to us by the locations which satisfied the various reporting criteria.

(2) You must receive approval from us before selling any product or service other than our approved Products and Services.

(3) You are responsible for developing your own business plan for your Franchise Business, including capital budgets, financial statements, projections, and other elements appropriate to your particular circumstances.

(4) Written substantiation for the financial performance representation will be made available to prospective franchisees upon request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting SafeSplash Brands, LLC d/b/a Streamline Brands, 12240 Lioness Way, Parker, Colorado 80134 (Telephone: (303) 799-1885), the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SAFESPLASH
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Licensed	2019	1	1	0
	2020	1	1	0
	2021	1	0	-1
Franchised*	2019	72	74	+2
	2020	74	76	+2
	2021	76	73	-3
Company-Owned	2019	8	9	+1
	2020	9	7	-2
	2021	7	11	4
Total Outlets*	**2019**	**81**	**84**	**+3**
	2020	**84**	**84**	**0**
	2021	**84**	**84**	**0**

*These figures do not include outlets in Mexico.

SWIMLABS
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Licensed	2019	3	3	0
	2020	3	3	0
	2021	3	2	-1
Franchised*	2019	9	9	0
	2020	9	9	0
	2021	9	9	0
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets*	**2019**	**12**	**12**	**0**
	2020	**12**	**12**	**0**
	2021	**12**	**11**	**-1**

*These figures do not include one outlet in Turkey.

SWIMTASTIC
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	10	10	0
	2020	10	10	0
	2021	10	11	+1
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	**2019**	**10**	**10**	**0**
	2020	**10**	**10**	**0**
	2021	**10**	**11**	**+1**

DUAL BRAND
(SafeSplash or Swimtastic and SwimLabs)
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	1	4	+3
	2020	4	9	+5
	2021	9	14	+5
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	**2019**	**1**	**4**	**+3**
	2020	**4**	**9**	**+5**
	2021	**9**	**14**	**+5**

SAFESPLASH OUTLETS BY TYPE
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Hosted*	2019	76	76	0
	2020	76	75	-1
	2021	75	73	-2
Dedicated	2019	5	8	+3
	2020	8	9	+1
	2021	9	11	+2
Total Outlets*	**2019**	**81**	**84**	**+3**
	2020	**84**	**84**	**0**
	2021	**84**	**84**	**0**

*This figure does not include outlets in Mexico.

SWIMLABS OUTLETS BY TYPE
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Hosted	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Dedicated*	2019	12	12	0
	2020	12	12	0
	2021	12	11	-1
Total Outlets*	**2019**	**12**	**12**	**0**
	2020	**12**	**12**	**0**
	2021	**12**	**11**	**-1**

*This figure does not include one outlet in Turkey.

SWIMTASTIC OUTLETS BY TYPE
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Hosted	2019	4	4	0
	2020	4	4	0
	2021	4	4	0
Dedicated	2019	6	6	0
	2020	6	6	0
	2021	6	7	+1
Total Outlets	**2019**	**10**	**10**	**0**
	2020	**10**	**10**	**0**
	2021	**10**	**11**	**+1**

DUAL BRAND OUTLETS BY TYPE
System wide Outlet Summary for Years 2019-2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Hosted	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Dedicated	2019	1	4	+3
	2020	4	9	+5
	2021	9	14	+5
Total Outlets	**2019**	**1**	**4**	**+3**
	2020	**4**	**9**	**+5**
	2021	**9**	**14**	**+5**

TABLE NO. 2

SAFESPLASH
Transfers of Franchised Outlets for Years 2019-2021

State	Year	Number of Transfers
Total	**2019**	**0**
	2020	**0**
	2021	**0**

SWIMLABS
Transfers of Franchised Outlets for Years 2019-2021

State	Year	Number of Transfers
Total	**2019**	**0**
	2020	**0**
	2021	**0**

SWIMTASTIC
Transfers of Franchised Outlets for Years 2019-2021

State	Year	Number of Transfers
Wisconsin	2019	1
	2020	0
	2021	0
Total	**2019**	**1**
	2020	**0**
	2021	**0**

DUAL BRAND LOCATION
(SafeSplash or Swimtastic and SwimLabs)
Transfers of Franchised Outlets for Years 2019-2021

State	Year	Number of Transfers
Total	**2019**	**0**
	2020	**0**
	2021	**0**

TABLE NO. 3

SAFESPLASH
Status of Licensed and Franchised Outlets for Years 2019-2021

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2019	7	0	0	0	1	0	6
	2020	6	1	0	0	0	0	7
	2021	7	4	2	0	0	0	9

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Colorado	2019	8	1	0	0	0	1	8
	2020	8	0	0	0	0	0	8
	2021	8	0	1	0	2	0	5
District of Columbia	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Florida	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Georgia	2019	5	0	0	0	0	2	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Maryland	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	1	0	0	0	0	2
Massachusetts	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Michigan	2019	3	0	0	0	0	0	3
	2020	3	1	0	0	0	0	4
	2021	4	0	1	0	0	0	3
Nevada	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	4	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
New Hampshire	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
New Jersey	2019	5	1	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
New York*	2019	0	4	0	0	0	1	3
	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Ohio	2019	6	0	0	0	0	1	5
	2020	5	0	0	0	0	0	5
	2021	5	0	1	0	0	0	4
Oregon	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
South Dakota	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Tennessee	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Texas	2019	20	1	0	0	0	1	20
	2020	20	0	0	0	0	1	19
	2021	19	1	2	0	0	0	18
Utah	2019	3	0	0	0	0	0	3
	2020	3	0	3	0	0	0	0
	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Virginia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Washington	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Totals**	**2019**	**73**	**9**	**0**	**0**	**1**	**6**	**75**
	2020	**75**	**7**	**3**	**0**	**0**	**2**	**77**
	2021	**77**	**9**	**11**	**0**	**2**	**0**	**73**

*In our 2020 FDD, the outlet information for New York was inadvertently omitted; however, the figures in the "Totals" in the 2020 FDD were correct.

**In addition to the outlets listed above, we had 48 outlets in Mexico as of December 31, 2021.

SWIMLABS
Status of Licensed and Franchised Outlets for Years 2019-2021

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
California	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Colorado	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Maryland*	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
New Mexico	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Washington	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
Totals**	**2019**	**12**	**1**	**1**	**0**	**0**	**0**	**12**
	2020	**12**	**1**	**1**	**0**	**0**	**0**	**12**
	2021	**12**	**0**	**1**	**0**	**0**	**0**	**11**

*In our 2021 FDD, the outlet information for Maryland was inadvertently omitted; however, the figures in the "Totals" in the 2021 FDD were correct.

**In addition to the outlets listed above, we had one outlet in Turkey as of December 31, 2021.

SWIMTASTIC
Status of Licensed and Franchised Outlets for Years 2019-2021

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Florida	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Nebraska	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Wisconsin	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Totals	**2019**	**10**	**0**	**0**	**0**	**0**	**0**	**10**
	2020	**10**	**0**	**0**	**0**	**0**	**0**	**10**
	2021	**10**	**1**	**0**	**0**	**0**	**0**	**11**

DUAL BRAND
Status of Licensed and Franchised Outlets for Years 2019-2021

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Idaho	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Iowa	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Kentucky*	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
North Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Ohio**	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oklahoma	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Carolina	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
Wisconsin	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Total	**2019**	**1**	**3**	**0**	**0**	**0**	**0**	**4**
	2020	**4**	**5**	**0**	**0**	**0**	**0**	**9**
	2021	**9**	**5**	**0**	**0**	**0**	**0**	**14**

*Note: In our 2019 FDD, "Kentucky" was inadvertently listed as "Louisiana."

**Note: In our 2020 FDD, the outlet information for Ohio was inadvertently omitted; however, the figures in the "Totals" in the 2020 FDD were correct.

TABLE NO. 4

SAFESPLASH
Status of Company-Owned Outlets for Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2019	3	0	1	0	0	4
	2020	4	0	0	0	0	4
	2021	4	1	0	0	0	5
Colorado	2019	4	0	0	0	0	4
	2020	4	0	0	1	0	3
	2021	3	0	2	0	0	5
Maryland	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
Texas	2019	1	0	0	0	0	1
	2020	1	0	0	1	0	0
	2021	0	0	0	0	0	0
Totals	**2019**	**8**	**0**	**1**	**0**	**0**	**9**
	2020	**9**	**0**	**0**	**2**	**0**	**7**
	2021	**7**	**2**	**2**	**0**	**0**	**11**

*All Company-Owned Outlets referenced here are SafeSplash Branded and are operated by our various Affiliates, as described in Item 1.

SWIMLABS
Status of Company-Owned Outlets for Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

SWIMTASTIC
Status of Company-Owned Outlets for Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

DUAL BRAND
Status of Company-Owned Outlets for Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

TABLE NO. 5

SAFESPLASH
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	0	2	0
California	3	0	4
Colorado	3	0	1
Maryland	2	0	2
Missouri	0	0	1
New York	1	0	0
South Carolina	0	1	0
South Dakota	0	1	0
Tennessee	5	0	0
Texas	0	2	0
Virginia	0	0	2
Totals	**14**	**6**	**10**

SWIMLABS
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Totals	**0**	**0**	**0**

SWIMTASTIC
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Nebraska	0	1	0
Totals	**0**	**1**	**0**

DUAL BRAND LOCATIONS
(SafeSplash or Swimtastic and SwimLabs)
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	0	1	0
Connecticut	1	0	0
Oregon	1	0	0
Totals	**2**	**1**	**0**

The name of each of our franchisees and the address and telephone number of each of their outlets as of the date of our formation is set forth in **Exhibit E**. Upon your request, we will make available to you information concerning the length of time our franchisees have been in the franchise system and contact information.

The name and last known home address and telephone number of every franchisee who has had a Franchise Agreement terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement since our formation or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document is listed on **Exhibit F** to this Franchise

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with SafeSplash Brands, LLC d/b/a Streamline Brands. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. No trademark-specific franchisee organization exists that is associated with the franchise system being offered.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit G** are our audited financial statements for the fiscal years ended December 31, 2021, December 31, 2020, and December 31, 2019, and our unaudited financial statements as of March 31, 2022. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Franchise Disclosure Document:

Exhibit:

B. Franchise Agreement
- Attachment A – Territory and Initial Franchise Fee
- Attachment B – Guaranty and Assumption of Franchisee's Obligations
- Attachment C – Statement of Ownership
- Attachment D – EFT Authorization
- Attachment E – Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
- Attachment F – Lease Addendum and Collateral Assignment of Lease
- Attachment G – Hosted Location Addendum
- Attachment H – SBA Addendum
- Attachment I – Enhanced Services Addendum

C. Area Development Agreement

H. Statement of Franchisee

I. State Specific Addenda

J. Sample General Release

ITEM 23
RECEIPTS

On the last two pages of this Franchise Disclosure Document, you will find two copies of the Receipt Page. You must sign, date and deliver one copy of the Receipt Page to us for our records.

EXHIBIT A

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

LIST OF STATE AGENCIES / AGENTS FOR SERVICE OF PROCESS

EXHIBIT A
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection & Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities / Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl. New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office / Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance, Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

FRANCHISE AGREEMENT

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

EXHIBIT B

FRANCHISE AGREEMENT

Franchise #: ______________________________

Franchisee: ______________________________

Date: ______________________________

Territory: ______________________________

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TABLE OF CONTENTS

ATTACHMENTS:

A. Territory and Initial Franchise Fee
B. Guaranty and Assumption of Franchisee's Obligations
C. Statement of Ownership
D. EFT Authorization
E. Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
F. Lease Addendum and Collateral Assignment of Lease
G. Hosted Location Addendum
H. SBA Addendum
I. Enhanced Services Addendum
J. Acknowledgment

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made effective as of the Effective Date (as defined below), by and between SafeSplash Brands, LLC d/b/a Streamline Brands, a Colorado limited liability company, located at 12240 Lioness Way, Parker, Colorado 80134 ("**Franchisor**"), and __________________________________, located at ____________________ _________________________ ("**Franchisee**").

RECITALS

WHEREAS, Franchisor has developed a comprehensive system for the operation of a business offering "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities ("**Services**") and the sale of related Products under the trademark "**SAFESPLASH SWIM SCHOOL®**" ("**SafeSplash Business**") or "**SWIMLABS®**" ("**SwimLabs Business**") (in a Dual Brand Location) or "**SWIMTASTIC®**" ("**Swimtastic Business**") (SafeSplash Business, SwimLabs Business and SwimLabs Business are collectively referred to herein as a "**Franchised Business**").

WHEREAS, the Franchised Businesses are operated under a business format per a unique system with high standards of service, including valuable know-how, information, Trade Secrets, Confidential Information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage and research and development ("**System**").

WHEREAS, the distinguishing characteristics of the System include the trademarks "**SAFESPLASH SWIM SCHOOL®**", "**SWIMLABS®**" (in a Dual Brand Location) and "**SWIMTASTIC®**" and other trademarks and trade names, confidential operating procedures, confidential Operations Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved and further developed by Franchisor from time to time. They are Franchisor's Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

WHEREAS, Franchisor continues to use, develop and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and which represent the System's high standards of quality, service and customer satisfaction.

WHEREAS, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor and other franchisees of Franchisor.

WHEREAS, Franchisee acknowledges the importance to the System of Franchisor's high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Franchised Business in conformity with the System.

WHEREAS, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

WHEREAS, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the Marks, and wishes to be assisted, trained, and franchised to operate a Franchised Business pursuant to the provisions and within the Territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following are hereby defined:

(a) "**Agreement**" - means this agreement, attachments and all instruments in amendment hereof.

(b) "**Affiliate**" - means any person or entity that controls, is controlled by, or is in common control with, Franchisor or Franchisee.

(c) "**Annual Service Fees**" - means all monies charged and revenue collected to register customers and administer customer accounts for swim lessons provided by the Franchised Business.

(d) "**Auxiliary Location**" - means a temporary location, normally open during the summer months, that can be located either within or outside the Territory specified in this Agreement, provided it is not located in any other franchisee's Territory. There is no Initial Franchise Fee for an Auxiliary Location. Auxiliary Locations must be renewed on an annual basis.

(e) "**Customer Support Center Services**" – means administrative and back office services, including a customer relationship management system, a call center, billing services, credit card transaction fees, collection services, website management, scheduling services, swimmer liability insurance and core marketing services.

(f) "**Confidential Information**" – means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers and other service providers of, and / or related in any way to, Franchisee's Franchised Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

(g) "**Customer Data**" – means information, records, lists or data that contains Personal Information.

(h) "**Dedicated Location**" – means a physical location with a swimming pool (either a stand-alone building or in-line retail space) that you lease or purchase for the operation of the Franchised Business.

(i) "**Dual Brand Location**" – means a Dedicated Location that combines the features of either a SafeSplash or Swimtastic business with a swimming pool and a SwimLabs business with a tank(s) with water current to include the more technical approach to swim instruction associated with a SwimLabs Business. This facility can also be in a stand-alone building or in-line retail space.

(j) "**Enhanced Services**" – means enhanced administrative services provided by Franchisor, in connection with its Affiliates, SafeSplash HQ, LLC and SafeSplash DFW, LLC, including a customer relationship management system, a call center, billing services, collection services, scheduling services and core marketing services.

(k) "**Franchisor's System**" or "**System**" - means the standards, systems, concepts, identifications, methods and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor's Services and Products.

(l) "**Franchise**" - means the business operations conducted or to be conducted using Franchisor's System and in association therewith the Marks.

(m) "**Franchised Business**" - means the business operations conducted or to be conducted by Franchisee consisting of providing "learn to swim" lessons for children and adults, birthday parties, summer camps, other swimming-related activities and the sale of related Products using Franchisor's System and in association with the Marks.

(n) "**Gross Revenues**" - means the total of all receipts derived from all sales of swimming-related and aquatics-related services, retail sales, parties, coaches fees, Annual Service Fees and Late Withdrawal Fees associated in any way with services delivered and products sold at Franchisee's Franchised Business, including all swimming lessons, camps, other swimming-related activities, merchandise and other items, sales made away from the Swim Facility, and all other swimming-related and aquatics-related services and products sold or performed by or for Franchisee or the Franchised Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and

(ii) all customer refunds, valid discounts and coupons and credits made by the Franchised Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Revenues shall be deemed received by Franchisee at the time the Services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment has actually been received by Franchisee. Gross Revenues consisting of property or other services shall be valued at the retail prices applicable and in effect at the time that they are received.

(o) "**Hosted Location**" – means a third-party fitness center, health club, diving facility or other facility with a swimming pool which Franchisee leases for the operation of the Franchised Business.

(p) "**Late Withdrawal Fees**" – means all monies charged and revenue collected from customers for late withdrawing customers for swim lessons provided by the Franchised Business.

(q) "**Lease**" - means any agreement (whether oral or written) under which the right to occupy a Swim Facility has been obtained, and any amendment made thereto from time to time, including without limitation, any offer to lease, license or lease agreement. Franchisee acknowledges and agrees that before any Lease will be accepted by Franchisor, the Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment F**.

(r) "**Marks**" - means the trademarks "**SAFESPLASH SWIM SCHOOL®**" and "**SAFESPLASH SWIM SCHOOL and design**" and "**SWIMLABS®"** and "**SWIMTASTIC®**" to the extent of Franchisor's rights to same, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

(s) "**Operations Manual**" - means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of Franchisor for use by franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the Franchised Business or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time to time. The form and content of the Operations Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Operations Manual between Franchisor and Franchisee.

(t) "**Personal Information**" – means information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations ordinances and requirements, including but not limited to, the California Consumer Privacy Act.

(u) "**Products**" - means all supplies, material, equipment and ancillary items sold, leased, prepared or otherwise dealt with in connection with the Franchised Business and associated with the Marks.

(v) “**Satellite Location**” – means an additional permanent location within the Territory specified in this Agreement. It may be a Dedicated or Hosted Location. There is no Initial Franchise Fee for a Satellite Location. Satellite Locations are coterminous with the Franchise Agreement. There isn’t any defined Territory for a Satellite Location.

(w) “**Security Incident**” – means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual.

(x) “**Site Selection Assistance**” – means all services provided by Franchisor relating to the section and authorization of Franchisee’s Swim Facility. Franchisor’s Site Selection Assistance is more fully defined in the Operations Manual, and Franchisor has the right to modify the site selection services offered by Franchisor periodically in Franchisor’s discretion.

(y) **“Swim Facility**” means the retail store front, commercial facility or other approved location from which Franchisee sells Products and provides Services in connection with the Franchised Business.

(z) “**Trade Secret(s)**” means information, including any formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. COVENANTS, REPRESENTATIONS AND WARRANTIES OF FRANCHISEE.

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

2.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Franchised Business, Franchisor and this Agreement.

2.2 Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the Franchised Business and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

2.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

2.4 There are no material financial obligations of Franchisee, whether actual or contingent, which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

2.5 Franchisee is not a party to nor subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

2.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

2.7 Franchisee represents that it is not a party to nor subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Term or any Successor Terms.

2.8 Franchisee represents that neither Franchisee nor Franchisee's owners, if Franchisee is a legal entity, have been accused of or convicted of a crime against a child or any form of physical violence or sexual assault against any person.

2.9 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

2.10 Franchisee and its owners agree to comply with and / or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at *http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf*). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 2.10.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's Affiliates.

(e) "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and / or acts of war.

3. GRANT OF LICENSE.

3.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the term of this Agreement, the right and license ("**License**") to:

(a) Operate one (1) Franchised Business under the name and Marks identified in **Attachment A** and upon the terms and conditions of this Agreement in one territory described in **Attachment A** ("**Territory**");

(b) Use the relevant Marks and the System; and

(c) Offer and market ONLY Franchisor's approved Services and Products, unless Franchisor approves in writing (such approval to be in Franchisor's sole and absolute discretion) Franchisee's request to offer and market complementary and non-competing services or products.

3.2 The License does not include the right to sell Products to any vendor who would in turn sell to consumers.

3.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and / or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 9.

3.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 5.1 below and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval the Franchisor has the right to grant or withhold for any reason or no reason.

4. TERM OF THE AGREEMENT AND LICENSE

4.1 This Agreement and the License granted shall become effective on the date this Agreement is executed by Franchisor and shall continue until midnight on the day before the tenth (10^{th}) anniversary of the date the Swim Facility opened for business ("**Term**"), subject, however, to termination in accordance with the provisions of this Agreement. When the initial Term expires, Franchisee shall have the option, subject to the restrictions set forth in Sections 4.2 and 4.4 below, to extend Franchisee's rights to operate the Franchised Business for one additional term ("**Successor Term**") of ten (10) years. Franchisee must pay the Successor Franchise Fee set forth in Section 4.4(b) and otherwise comply with the requirements set forth in this Section 4.

4.2 Franchisor may refuse to renew this Agreement and License if Franchisee has:

(a) Failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 18.2 or 18.3; or

(b) Committed and received notice of two or more breaches of this Agreement in the 24 months prior to the end of the Term, even if such breaches were timely remedied; or

(c) Franchisee has failed to give Franchisor a written notice of intent to renew no less than six months or more than nine months prior to expiration of the Term; or

(d) Franchisee is not current in payment obligations to Franchisor or to Franchisee's Lessor, suppliers or trade creditors.

4.3 If Franchisee opts to extend its rights to operate the Franchised Business at the end of the Term, and Franchisor consents to such extension, Franchisee shall execute a new Franchise Agreement ("**Successor Franchise Agreement**") and all other agreements in the form then being used by Franchisor in granting new franchises. Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee at the time Franchisee extends its rights to operate the Franchised Business (except as specified below). There shall not, however, be another Initial Franchise Fee charged at the time Franchisee signs the Successor Franchise Agreement. FRANCHISEE MAY BE DEEMED BY FRANCHISOR TO HAVE IRREVOCABLY DECLINED TO EXTEND ITS RIGHTS TO OPERATE THE FRANCHISE (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN THIRTY (30) DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 4.

4.4 As additional conditions to renewal, in Franchisor's sole discretion, Franchisee may be required to:

(a) Execute a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates and employees, whether in their corporate and / or individual capacities. This release shall include all claims arising under any federal, state or local law, rule or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor. Franchisee's failure or refusal to sign such a release in the form presented by Franchisor shall be deemed to be a rejection by Franchisee of its option to extend its rights to operate the Franchised Business;

(b) Pay the successor franchise fee ("**Successor Franchise Fee**") of ten percent (10%) of the then-current Initial Franchise Fee, which is due and payable to Franchisor at the time of signing the renewal Franchise Agreement;

(c) Upgrade the office computer system used in operations of the Franchised Business to Franchisor's current standards;

(d) Comply with all other provisions contained in the Operations Manual, including upgrading the Swim Facility if required, as modified periodically by Franchisor in Franchisor's sole discretion;

(e) Provide proof of current licenses, insurance and permits.

4.5 If Franchisee does not sign a new Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

5. TERRITORY

5.1 Franchisee may operate the Franchised Business only at the Swim Facility as designated in **Attachment A** to this Agreement. Franchisee may not relocate the Franchised Business from the Swim Facility without Franchisor's prior written approval, which may be withheld for any reason.

5.2 During the Term and any Interim Period, for so long as Franchisee is in compliance with all of its obligations hereunder, except as otherwise provided in this Agreement, and subject to Franchisor's reservation of rights as set forth in Section 5.3 below, neither Franchisor nor any Affiliate will establish or license another person or entity to establish a Franchised Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries set forth in **Attachment A**, attached hereto and incorporated herein by reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its

Affiliates and does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the Franchised Business. Once established, the boundaries of Franchisee's Territory will not be adjusted without Franchisor's written consent, which Franchisor has the right to grant or deny for any reason or no reason.

5.3 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to use, and to license others to use, the Marks and System for the operation of SafeSplash Businesses and Swimtastic Businesses at any location other than in the Territory, regardless of proximity to the Territory;

(b) to use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are similar to or different than the Franchised Business;

(c) to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in Section 5.3(d), at any location including the Territory;

(d) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than Franchised Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(e) to any websites utilizing a domain name incorporating one or more of the words "**Safe**" and / or "**Splash**" and / or "**SwimLabs**" and / or "**Swimtastic**" or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor's home page. Franchisee will provide Franchisor with content for Franchisor's Internet marketing, and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to approve any linking or other use of its website; and

(f) to acquire businesses that are the same as or similar to the Franchised Business and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third-party which operates businesses that are the same as or similar to the Franchised Business regardless of where such businesses are located, including inside the Territory.

(g) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell customers anywhere. Franchisor reserves the right to issue mandatory policies, including pricing and promotion policies, to coordinate such multi-area marketing programs.

5.4 Notwithstanding Franchisor's exclusive right to sell Products and Services on the Internet in accordance with Section 5.3(d), if Franchisor sells Products or Services that Franchisee is required to sell and provide pursuant to this Agreement using the Marks to a customer located in Franchisee's Territory, Franchisor or its supplier or distributor, in Franchisor's sole discretion, may provide Franchisee with a credit against future Strategic Marketing and Promotions Fees due to Franchisor in an amount to be determined by Franchisor, in its sole discretion.

6. FEES.

6.1 Initial Franchise Fee. Franchisee shall pay the sum set forth on **Attachment A** plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring initial franchise fee ("**Initial Franchise Fee**") to Franchisor upon the execution of this Agreement. The Initial Franchise Fee shall be paid by means of cashier's check, money order or wire transfer. The Initial Franchise Fee is deemed fully earned upon Franchisee's signing of this Agreement and is non-refundable for any reason once paid.

6.2 Royalty. In connection with each customer transaction associated with the Franchised Business, a royalty fee ("**Royalty**") in the amount of six percent (6%) of the Gross Revenues generated by such customer transaction will be collected by the merchant services processor used by the Franchised Business and disbursed to Franchisor (along with other amounts due and owing to Franchisor under this Agreement) at the same time the remainder of Gross Revenues is disbursed to Franchisee. Additionally, Franchisor will collect a Royalty for ancillary transactions, such as parties and retail sales, via electronic funds transfer ("**EFT**") on a quarterly basis after Franchisee submits a report to Franchisor and Franchisor provides an invoice to Franchisee. Franchisee acknowledges that Franchisor reserves the right to collect some or all Royalty payments via EFT or other similar means utilizing a Franchisor approved office computer system or otherwise. Accordingly, Franchisee will complete the EFT Authorization attached hereto as **Attachment D**. Franchisee agrees to comply with procedures specified by the Franchisor and / or perform such acts and deliver and execute such documents, including authorization for direct debits from the bank operating account of the Franchised Business, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and / or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon.

6.3 Enhanced Services Fee. In the event Franchisee elects to enter into the Enhanced Services Addendum as set forth in **Attachment I** hereto, Franchisee shall pay to Franchisor, in addition to the Royalty, an Enhanced Services fee ("**Enhanced Services Fee**") in the amount of ten percent (10%) of all Gross Revenues generated by the Franchised Business, which will be collected and disbursed to Franchisor in the same manner and at the same time as the Royalty. Franchisee acknowledges and agrees that the Enhanced Services Fee may be modified each year upon a mutual written agreement between Franchisee and Franchisor; provided, however, that such Enhanced Services Fee shall not increase or decrease by more than two percent (2%) each year, and the cumulative increase or decrease in the Enhanced Services Fee shall not exceed ten percent

(10%) during the Term of this Agreement. Franchisee further acknowledges and agrees that, in the event Franchisee fails or refuses to book any sales transaction conducted by the Franchised Business through the Enhanced Services Model, Franchisee must still pay to Franchisor a service fee equal to ten percent (10%) of Gross Revenues generated by such transaction.

6.4 Strategic Marketing and Promotions Fee. Franchisee shall pay to Franchisor a strategic marketing and promotions fee ("**Strategic Marketing and Promotions Fee**") in an amount equal to two percent (2%) of all Gross Revenues generated by the Franchised Business. The Strategic Marketing and Promotions Fee will be collected and disbursed to Franchisor in the same manner and at the same time as the Royalty. Such Strategic Marketing and Promotions Fee shall be contributed to the Strategic Marketing and Promotions Fund.

6.5 Hosted Location Fee. In the event Franchisee's Swim Facility is a Hosted Location at a facility with which Franchisor has contracted, Franchisee shall also pay to Franchisor a Hosted Location fee ("**Hosted Location Fee**") in an amount equal to the exact remuneration due and owing to the Hosted Location's owner pursuant to Franchisor's agreement with such Hosted Location's owner relating to Franchisee's use of the Hosted Location. The Hosted Location Fee will be collected by the merchant services processor used by the Franchised Business in connection with each customer transaction associated with the Franchised Business and then disbursed to the Hosted Location's owner. Franchise acknowledges and agrees that, in the event Franchisee fails or refuses to book any sales transactions conducted by the Franchised Business through the Enhanced Services Model, Franchisee must still pay to Franchisor a service fee equal to the Hosted Location Fee each month. There will be no Hosted Location Fee charged for facilities for which Franchisee contracts for directly.

6.6 Technology Fee. In the event the Franchised Business is not utilizing the Enhanced Services Model, Franchisee shall pay to Franchisor a monthly technology fee ("**Technology Fee**") in an amount determined by Franchisor. The Technology Fee will cover costs associated with the third-party, cloud-based software ("**School Operating and Management Software**") that will assist the Franchised Business in registration, customer service, payment processing, and other related services including, but not limited to, third-party software licensing fees and technical and administrative support provided by Franchisor or a designee of Franchisor. Franchisee acknowledges and agrees that Franchisor reserves the right to change the amount of the Technology Fee after providing Franchisee with thirty (30) days' written notice. Franchisee further acknowledges and agrees that Franchisor makes no warranty, express or implied, with respect to the School Operating and Management Software and, accordingly, that neither Franchisor nor its Affiliates will be responsible for any consequential, incidental, indirect or special damages, including lost profits, business interruption, or other incidental, punitive, or economic damages whatsoever arising out of Franchisee's use of the School Operating and Management Software. Franchisee agrees to indemnify Franchisor and its affiliates, officers, directors, employees, and agents from any losses, liabilities, and damages of any and every kind (including, without limitation, costs, expenses, and reasonable attorneys' fees incurred by any such indemnified parties) arising out of any claim or complaint resulting from Franchisee's use of the School Operating and Management Software.

6.7 Gross Revenues Statements. Each quarter, Franchisee must submit to Franchisor a statement of the previous quarter's Gross Revenues on a form approved and provided to Franchisee by Franchisor. Each failure to submit a fully completed statement of the previous quarter's Gross Revenues shall constitute a material breach of this Agreement.

7. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES

7.1 Franchisee shall keep such complete records of its Franchised Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

7.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Franchised Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Franchised Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues (to be prepared each quarter for the preceding quarter), profit and loss statements and balance sheets (to be prepared at least annually by an independent Certified Public Accountant).

7.3 Within thirty (30) days of the end of each quarter, Franchisee shall submit to Franchisor current financial statements (including balance sheet and profit / loss statements with both period and YTD information) and other reports (including Minimum Individual Marketing Expense statements) as Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the Franchised Business. On or before April 15 of each year, Franchisee shall provide Franchisor with financial statements and a copy of its federal tax return for the previous tax year which have been prepared by an independent Certified Public Accountant).

7.4 The records required under this Section 7 pertain only to Franchisee's operation of the Franchised Business. Franchisor has no right to inspect, audit or copy the records of any unrelated business activity Franchisee may have. Franchisee shall keep the books and records of the Franchised Business separate from the records of any unrelated business activity or personal activity.

7.5 From the date Franchisee and Franchisor sign this Agreement until three (3) years after the end of the Term of this Agreement, including any Successor Terms, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for seven years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Strategic Marketing and Promotions Fee (as defined in Section 6.4) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this

Agreement. In addition, if Franchisee (1) fails to furnish required reports or supporting records on a timely basis for two or more consecutive reporting periods, (2) fails to have the books and records available for an audit after receiving reasonable, advanced notice from Franchisor, (3) otherwise fails to cooperate with Franchisor's requested audit, or (4) the deficiency for any audit period discloses a deficiency in the amount of any Strategic Marketing and Promotions Fee or other amounts due by 2% or more, Franchisee will also immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses (including any contingent fee owed to the auditor of the inspecting or auditing personnel. For the purposes of this Section 7.5, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Strategic Marketing and Promotions Fees, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Strategic Marketing and Promotions Fees next falling due.

7.6 If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenues for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Strategic Marketing and Promotions Fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon Franchisee.

7.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late interest charge equal to the lesser of (i) one and one-half percent (1.5%) per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Strategic Marketing and Promotions Fees, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 7.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 7.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

7.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 7, shall be final and binding upon all of the parties hereto.

7.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Franchised Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Franchised Business as Franchisor may request.

7.10 Franchisee acknowledges and agrees that Franchisor owns all business records ("**Business Records**") with respect to customers and other service professionals of, and / or related to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion.

7.11 To encourage prompt delivery of all Business Records, Certificates of Insurance, Gross Revenue statements and any other documentation or record that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, a late report fee in the amount of $100.00 per record or document requested if Franchisee fails to deliver such record or document when due.

7.12 If Franchisee pays any sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that any sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to pay any sums due to Franchisor under this Agreement by the due date two times during the Term or any Successor Terms, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee pay any sums due to Franchisor under this Agreement weekly.

7.13 Franchisee agrees that, during the Term and for three (3) years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's home address and telephone number.

8. SERVICES AND ASSISTANCE

8.1 The Initial Franchise Fee is paid by Franchisee as consideration for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

8.2 Franchisor shall offer Franchisee initial and continuing services, as Franchisor deems necessary or advisable in furthering Franchisee's Franchised Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

8.3 Currently, initial services provided by Franchisor prior to Franchisee opening the Franchised Business shall include:

(a) Designating Franchisee's Territory as stipulated in Section 5 and in **Attachment A**.

(b) Furnishing Franchisee with specifications for all initial and replacement equipment, tools, inventory and supplies required for the operation of Franchisee's Franchised Business as stipulated in Section 10.

(c) Furnishing Franchisee with Site Selection Assistance during the time Franchisee searches for a location for the Swim Facility.

(d) Authorizing in writing Franchisee's proposed Swim Facility in accordance with Section 8.4.

(e) No less than sixty (60) days prior to the Required Opening Date set forth on **Attachment A** or Franchisee's receipt of all required licenses, permits and certifications, whichever comes later, providing Franchisee, or if Franchisee is an entity, a person ("**Designated Business Manager**") designated to manage the Franchised Business who has profit and loss responsibility for the Franchise Business and interacts actively with the Franchisor and members of Franchisee's management team, without extra charge, with an initial training program in accordance with Franchisor's then current initial training program. The initial training program may include a discussion of the System, swim training techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, patron safety, instructions on quality standards and practical experience in the operation of a Franchised Business. Franchisee is not permitted to open the Franchised Business unless and until Franchisee or Franchisee's Designated Business Manager has attended and successfully completed all initial training programs to the satisfaction of Franchisor. In addition, Franchisee may send without extra charges, five (5) additional personnel to any initial training program being conducted for other franchisees at the Franchisor's chosen location.

(f) Franchisor may provide Franchisee with up to three (3) days of onsite support services in connection with the opening of Franchisee's initial location(s). If Franchisee does so, such services will include assistance and training involving marketing and operations.

(g) During the Term (including any Successor Terms), providing Franchisee with access to Franchisor's confidential Operations Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 8, and containing information relative to other obligations of Franchisee hereunder. Specifications, standards and operating procedures prescribed from time to time by Franchisor in the Operations Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. Franchisee shall operate the Franchised Business strictly in accordance with the Operations Manual. Failure to comply with the standards set forth in the Operations Manual shall constitute a material breach of this Agreement. Franchisor reserves the right to provide the Operations Manual and updates to the Operations Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to add to, delete and otherwise modify, the Operations Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Franchised Business; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Some of the revisions to the Operations Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) Services; (vii) Products; and (viii) Site Selection Assistance.

(i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 9.5 of this Agreement. Franchisee shall keep its Operations Manual with replacement pages and insertions as instructed by Franchisor.

(ii) Franchisee hereby acknowledges that the Operations Manual shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Operations Manual, together with all copies of any portion of the Operations Manual which Franchisee may have made, to Franchisor.

8.4 Franchisee is solely responsible for locating a site from which to operate the Swim Facility and negotiating a Lease for the property. As part of the Site Selection Assistance, Franchisor will provide assistance to Franchisee in analyzing a location and in negotiating the business terms of a Lease. Franchisee acknowledges that Franchisee is responsible for retaining its own legal counsel to negotiate the legal terms of the Lease. Franchisor will analyze a location by examining population density, census data, demographic and income characteristics, proximity of the proposed location to other Franchised Businesses, or any other criteria as set forth in Section 9.3(b). The Swim Facility site is subject to Franchisor's written authorization, which may be granted or denied in Franchisor's sole discretion. Franchisee agrees that the location of the Swim Facility is a factor in the potential success of the Franchised Business and Franchisor may reject any location in its sole discretion. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's authorization of the Swim Facility site indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the approval date. Once Franchisee's Swim Facility is open for business, Franchisee may only relocate the Swim Facility by complying with Franchisor's relocation procedures as set forth in the Operations Manual.

8.5 Currently, the services provided by Franchisor to Franchisee after Franchisee opens the Franchised Business shall include:

(a) Granting Franchisee with access to the School Operating and Management Software. Franchisor, or a designee of Franchisor, will provide technical and administrative support to Franchisee in connection with such School Operating and Management Software.

(b) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(c) Providing Enhanced Services to Franchisee if Franchisee elects to enter into the Enhanced Services Model Agreement.

(d) As set forth in Section 6.5, when Franchisee operates in a Hosted Location which Franchisor contracts for directly, a Hosted Location Fee will be collected by the merchant services processor used by the Franchised Business in connection with each customer transaction associated with the Franchised Business and disbursed to Franchisor. Such Hosted Location Fee will be equal to the remuneration due and owing to the Hosted Location's owner pursuant to Franchisor's agreement with such Hosted Location's owner relating to Franchisee's use of the Hosted Location.

(e) Holding periodic meetings to discuss sales techniques, new Product and Service developments, bookkeeping, training, accounting, inventory control, Swim Facility safety and maintenance issues, performance standards, advertising programs, merchandising procedures and other topics. Franchisee may be required to pay a meeting fee, if any, and pay for all of Franchisee's travel and living expenses to attend such meetings. These meetings will be held at locations chosen by Franchisor in Franchisor's sole discretion. Franchisee's in-person attendance is strongly encouraged but not required for these periodic meetings. Upon Franchisee's request, Franchisor shall use commercially reasonable efforts to enable Franchisee to attend periodic meetings by way of web conference, telephone or other electronic means by which all attendees will be able to hear one another and participate in such meetings.

(f) Franchisor may also hold an annual conference to discuss sales techniques, new Services and Products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. Franchisee may be required to pay the conference fee, if any, and all personal travel and living expenses and must attend these annual conferences which are held at a location chosen by Franchisor.

(g) Franchisor shall provide billing services, registration services and scheduling services to or on behalf of Franchisee in accordance with the terms set forth in the Operations Manual. Franchisor has the right to modify or cease offering these services at any time for any reason.

(h) At no cost to Franchisee, Franchisor shall provide Franchisee with two (2) email accounts under the SafeSplash, SwimLabs (in a Dual Brand Location) or Swimtastic domain to be used for Franchisee's Franchised Business only. Franchisor shall provide Franchisee with one (1) additional email account for Franchised Business at no cost to Franchisee. If Franchisee agrees to operate any additional Franchised Businesses under a separate franchise agreement for each of them, Franchisor shall provide Franchisee with one (1) additional email account per additional Franchised Business or brand at no cost to Franchisee.

(i) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the Franchised Business, including updates or revisions to Franchisor's instructional curriculum.

(j) Researching new Products, Services, and methods of doing business, from time to time, and providing Franchisee with information concerning developments of this research.

(k) Maintaining the Strategic Marketing and Promotions Fund and using these funds to develop promotional and advertising programs and public relations coverage for Franchised Businesses as further explained in Section 12.5 and Section 12.6.

(l) Providing marketing materials to Franchisee in the form of an arts graphics package included in the Operations Manual and as further stipulated in Section 12.

(m) A representative of Franchisor may, in its sole discretion, provide additional assistance. There may be additional charges for this additional assistance. If Franchisor provides additional assistance, Franchisor and Franchisee must agree in advance on the charges for the visit and the length of the visit.

(n) Establishing and managing one or more Local Advertising Cooperatives in accordance with Section 12, if any.

(o) Providing Franchisee with a monthly newsletter, in Franchisor's discretion.

(p) Providing Franchisee and members of Franchisee's management team, without any extra charge to Franchisee, an ongoing online training program.

8.6 If Franchisee believes Franchisor has failed to adequately provide pre-opening services to Franchisee as provided in this Agreement in Sections 8.3 and 8.4, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Franchised Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

8.7 Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisee acknowledges and agrees that Franchisor shall not be obligated to provide any other services or specific level or quality of services.

9. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS.

9.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Franchised Business and use its best efforts to market and promote the required Services and Products.

9.2 Subject to the terms of this Agreement, Franchisee shall open the Swim Facility for business on or before the required opening date ("**Required Opening Date**") set forth on **Attachment A**, but in no event more than eighteen (18) months from the Effective Date of this Agreement, unless Franchisee obtains Franchisor's express written permission to extend the Required Opening Date, which permission may be granted or denied in Franchisor's sole discretion.

9.3 Franchisee shall complete the construction of Franchisee's Swim Facility, and shall maintain the Swim Facility, in accordance with the following requirements:

(a) Franchisee shall, at Franchisee's sole cost and expense, complete the interior build-out and install all equipment, furniture, fixtures and security cameras as specified by Franchisor in the Operations Manual, and required by this Agreement.

(b) Franchisee may lease the required real property and improvements from any source upon terms approved by Franchisor in writing. Franchisee acknowledges and agrees that Franchisee is not permitted by Franchisor to own the real property space in which the Franchised Business will be operated; provided, however, Franchisee may own such real property space via a separate legal entity created by Franchisee. Franchisee further acknowledges and agrees that, in the event Franchisee chooses to form a separate entity to own such real property space, Franchisee is solely responsible for researching the initial and ongoing expenses associated with doing so.

(c) Proposals regarding the location of the Swim Facility must be submitted to Franchisor within ninety (90) days of the execution of this Agreement or Franchisor may elect to terminate this Agreement in Franchisor's sole discretion. Franchisee must deliver to Franchisor any traffic, competition and demographic or similar location information relating to any proposed site that Franchisor reasonably requests for review at least twenty (20) days before any proposed Lease signing date. Franchisee must deliver to Franchisor a copy of the proposed Lease, in a form acceptable to Franchisor, and such Lease must incorporate the terms of the Lease Addendum attached to this Agreement as **Attachment F**. Notwithstanding anything herein to the contrary, Franchisor may, in its sole discretion, extend the time periods set forth in this Section 9.3(c).

(d) Subject to the terms of this Section, Franchisee must at all times comply with Franchisor's standards, specifications, processes, procedures, requirements and instructions regarding the Swim Facility's physical facilities, including the layout of the equipment, furnishings, fixtures, and activity, party and waiting rooms. Franchisee must maintain the Swim Facility and any parking areas in good and safe condition, as specified in the Operations Manual. Franchisee must remodel or upgrade the Swim Facility at is sole cost and expenses in accordance with Franchisor's standards as set forth in the Operations Manual, which may be modified by Franchisor at any time in Franchisor's discretion.

(e) Franchisee shall apply for all required operating permits and licenses within sixty (60) days after Franchisee signs the Lease for the Swim Facility.

9.4 Subject to the terms of this Agreement, including Subsections 8.3(g), (i) and (ii), during the Term, Franchisee shall strictly comply with all present and future standards, specifications, processes, procedures, requirements and instructions of Franchisor regarding the operation of the Franchised Business and must comply with the following requirements:

(a) Prior to opening the Franchised Business, Franchisee or Franchisee's Designated Business Manager must attend and successfully complete all initial training programs. Franchisee is not permitted to open the Franchised Business unless and until

Franchisee or Franchisee's Designated Business Manager has attended and successfully completed all initial training programs to the satisfaction of Franchisor. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred by itself or the Designated Business Manager, and any additional persons that participate in the initial training program.

(b) Franchisee or its Designated Business Manager must attend mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all salary and other expenses of each person attending, including any conference fees, travel expenses, meals, living expenses and personal expenses. Any collected meeting fees are non-refundable for any reason once paid.

(c) Subject to Section 9.6, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Franchised Business at the time and in the manner required by Franchisor. Franchisor will provide at least thirty (30) days prior written notice of any new required Service or Product introduced into the System. All equipment, facilities, vehicles, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Franchised Business as reasonably required by Franchisor.

(d) No service or product, except approved Services or Products, may be offered for sale from the Swim Facility or in the Territory, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor's sole discretion).

(e) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies and uniforms that meet Franchisor's standards and specifications shall be used at the Franchised Business. Advertising and promotional materials, tools, services, equipment, inventory, products, signage, supplies and uniforms produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(f) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the Franchised Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(g) The Franchised Business and everything related to the Franchised Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or required in connection with the Franchised Business must be promptly made. All employees must be clean and neat in appearance and wear appropriate SafeSplash, SwimLabs (in a Dual Brand Location), or Swimtastic attire at all times.

(h) No alterations of the Franchised Business materially affecting the image of the Franchised Business may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(i) The Franchised Business and the Services provided and Products sold by Franchisee must comply with all applicable federal, state and local laws, ordinances, rules, regulations and other requirements applicable to the care, safety, and protection of children, including securing all necessary licenses and complying with all licensing requirements and regulations, if any. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations before operating its Franchised Business. If Franchisee does not obtain all required permits and licenses and other certifications necessary to operate its Franchised Business within six months after Franchisee's execution of the Franchise Agreement, Franchisor may terminate this Franchise Agreement. Franchisor reserves the right to require Franchisee to provide Franchisor with copies of any such permits, licenses, and other certifications.

(j) The employees, equipment, tools, supplies, inventory, products and other items on hand at the Franchised Business, must be at all times sufficient to efficiently meet the anticipated volume of business and to ensure the safety and security of Franchisee's patrons.

(k) Franchisee agrees to allow Franchisor to conduct criminal background checks on all owners of the Franchised Business at least once every two (2) years.

(l) Franchisee shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; provide and maintain an environment that emphasizes the care, safety and protection of children; and meet such minimum standards as Franchisor may establish from time to time in the Operations Manual or otherwise in writing. Franchisee's training staff members shall at all times maintain such swimming and lifesaving certifications as required by Franchisor in the Operations Manual. Franchisee shall conduct, and any prospective employees of Franchisee must pass, a pre-hiring criminal background check which shall be administered by the approved supplier of such services. In addition, Franchisee shall conduct criminal background checks on all of Franchisee's employees, including the Designated Business Manager, at least every two (2) years (unless Franchisor requires Franchisee to do so on an annual basis) and such background checks shall also be administered by the approved supplier of such services. Franchisee acknowledges and agrees that Franchisee must pay for any and all background checks requested by Franchisee, including any background checks requested by Franchisee in connection with any other Franchised Business which Franchisee agrees to operate pursuant to a separate franchise agreement with Franchisor. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, record keeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects.

(m) All debts and taxes arising in connection with the Franchised Business, except those duly contested in a bona fide dispute, must be paid when due.

(n) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; address customer inquiries or concerns regarding the care, safety and protection of any child who is a past or current student of the Franchised Business; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes.

(o) Franchisee will operate the Franchised Business for at least the minimum number of days and hours set forth in the Operations Manual.

(p) Franchisee shall, at Franchisor's request, accept debit cards, credit cards, stored value gift cards or other non-cash systems specified by Franchisor to enable customers to purchase the Products and Services offered by the Franchised Business. Franchisee shall acquire, at its expense, all necessary hardware and software used in connection with these non-cash systems. Accordingly, Franchisee shall:

(i) enter into a payment processing agreement with a third-party designated by Franchisor, acknowledging that the fees to be paid by Franchisee in connection with such services will depend on the Gross Revenues generated by the Franchised Business;

(ii) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;

(iii) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, "**Privacy Laws**");

(iv) assist and otherwise cooperate with Franchisor to ensure Franchisor's and Franchisee's compliance with applicable Privacy Laws;

(v) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee's noncompliance with applicable Privacy Laws, this Agreement or the Operations Manual.

(vi) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee's possession or control;

(vii) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a "consumer" as defined by applicable Privacy Laws;

(viii) adopt policies, procedures and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request or opt-out request;

(ix) adopt policies, procedures and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual;

(x) maintain Customer Data in confidence in accordance with this Agreement;

(xi) de-identify, delete or destroy Customer Data at Franchisor's instruction, and provide Franchisor written confirmation that such actions are completed within 10 days of Franchisor's instruction; and

(xii) indemnify and hold Franchisor harmless from any violations of applicable Privacy Laws or this Section 9.4(p) of this Agreement by Franchisee, any contractor or subcontractor, employee, affiliate or other third-party to whom Franchisee has sold, disclosed, released, transferred, made available, divulged or otherwise permitted to access Customer Data. This indemnification obligation will survive termination or expiration of this Agreement.

Further, Franchisee agrees to never sell, disclose, release, transfer, make available, divulge or use the Customer Data, or derivatives thereof for Franchisee's benefit or for the benefit of a third-party, nor for any commercial purpose, other than to operate the Franchised Business. Notwithstanding anything to the contrary Franchisee will not disclose, release, divulge or otherwise make Customer Data available to third parties except to the extent such access is strictly necessary to achieve a business purpose for the benefit of the Franchised Business and only if such third-party recipient is contractually bound to comply with data protection provisions no less restrictive than those set out in this Agreement and the Operations Manual, including an agreement to comply with applicable Privacy Laws.

(q) Franchisee shall promptly pay to Franchisor any amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipts taxes or any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing or products, intangible property (including trademarks or trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

(r) In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law; however, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Swim Facility, or any improvements thereon.

(s) Franchisee shall comply with the advertising requirements set out in Section 12.

(t) Franchisee will not use any materials that are false or misleading.

(u) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conforms to all applicable laws and regulations.

(v) Franchisee will have the Swim Facility inspected for safety compliance ("**Safety Inspection**") no less than on an annual basis. Franchisee may apply to Franchisor for a waiver of the Safety Inspection if Franchisee's insurance company requires use of its own designated safety inspector, and Franchisee's Swim Facility is inspected by such inspector on at least an annual basis. Franchisor reserves the right to waive the Safety Inspection if Franchisee operates Franchisee's Swim Facility in a state which requires state-sponsored safety inspections of the Swim Facility on at least an annual basis, provided such state-sponsored inspection satisfies the minimum safety requirements imposed by Franchisor and Franchisee's insurance company.

(w) Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations and children's privacy and safety laws. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

9.5 In prescribing standards, specifications, processes, procedures, requirements or instructions under Section 9.2 or any other provision of this Agreement, Franchisor will provide guidance to Franchisee, as required in Franchisor's sole discretion, in determining the prices to be charged by Franchisee for Services or Products. Franchisor shall not have control over the day-to-day managerial operations of the Franchised Business, and Franchisee shall be free to establish its own prices; provided, however, Franchisor shall have the right to set minimum and / or maximum resale prices as part of any national or regional promotion or multi-area marketing plan.

9.6 Franchisor and Franchisor's representatives will have the right during business hours to inspect the Franchised Business and all other facilities used for providing Services and selling approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Franchised Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may video tape or take photographs of Franchisee's safety training, maintenance procedures and techniques as it relates to the Franchised Business. Franchisor and Franchisor's representatives will have the right to have any of Franchisor's required Services rendered by any employee at the Franchised Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 6; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Franchised Business.

9.7 Franchisee will not be required to offer or sell new Services or Products as set out in Section 9.4(c) if Franchisee demonstrates to Franchisor's reasonable satisfaction that:

(a) A substantial capital improvement not contemplated by this Agreement or in the Operations Manual is required, thereby resulting in a material hardship to Franchisee; or

(b) A material reduction in sales or profitability would result therefrom. For the purposes of this Subsection 9.7(b), a forty percent (40%) decrease in sales from the average sales in the prior twelve (12) months would be considered a material reduction in sales, and a thirty percent (30%) reduction in profitability from the average profitability during the previous twelve (12) months would be considered a material reduction in profitability.

9.8 Franchisor may require Franchisee's compliance with the provisions of this Section 9 even if it does not require such compliance by all franchisees.

9.9 If Franchisee is an individual, Franchisee must directly supervise the Franchised Business. If Franchisee is a corporation or other business entity, or if Franchisee has, in Franchisor's sole judgment, insufficient experience in a business similar to the franchise or experience in business management in general, then Franchisee shall nominate a Designated Business Manager having the required experience who shall have direct responsibility for all operations of the Franchised Business and who shall own not less than ten percent (10%) of the corporate or business entity. Any change in the Designated Business Manager will be subject to Franchisor's approval, in Franchisor's sole discretion.

9.10 Franchisee shall become a member of such trade associations or other organizations which, in the reasonable opinion of Franchisor, are useful in the operation of the Franchised Business. Franchisee shall have the option to become a member of all benefit programs which are offered from time to time by Franchisor to all of its franchisees. The costs of participating in such trade associations organizations and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees). Nothing in this Section 9.10 limits Franchisee's freedom to join any franchise or franchisees association of its choosing.

9.11 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the Franchised Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have ninety (90) days to complete such training at a local computer training school at Franchisee's sole cost and expense. Franchisor reserves the right to designate the computer training school which Franchisee must attend. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

9.12 Franchisee acknowledges and understands that computer systems are vulnerable to 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. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, Lessors, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

9.13 Franchisee shall acquire, maintain and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Operations Manual and as modified periodically by Franchisor in Franchisor's sole discretion. Franchisee shall pay all required fees and comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system, when available, as the exclusive means for tracking and maintaining customer, vendor and related information, and for such other uses as prescribed by Franchisor periodically in the Operations Manual, in Franchisor's sole discretion. Monthly sales reporting may occur through mandatory software including the automatic draft via electronic transfer of Strategic Marketing and Promotions Fees.

9.14 Franchisee shall at all times utilize and maintain the SafeSplash, SwimLabs (in a Dual Brand Location) or Swimtastic email account provided by Franchisor for all electronic communications for the Franchised Business and shall check the account at least once each day.

9.15 Franchisee may not open its Franchised Business until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the initial training program has been completed by Franchisee or its Designated Business Manager to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 13, or other documentation of insurance coverage and payment of premiums that Franchisor may request, in Franchisor's discretion; (5) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for Franchisee's Swim Facility and (8) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor. Franchisee shall begin operating the Franchised Business within two business days after Franchisor determines that the Franchised Business is ready for opening.

10. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES

10.1 Franchisor may require Franchisee to purchase all Products, services, equipment, tools, inventory, supplies and hardware and software from Franchisor's designated or approved suppliers, manufacturers and distributors. The standards and specifications for equipment, computer hardware and software, inventory, tools, signage, supplies, Swim Facilities, Services and Products required by Franchisor shall be maintained in the Operations Manual. Franchisor has the right to require Franchisee to discontinue purchasing any Products, services, equipment, tools, inventory, supplies, hardware or software from a designated or approved supplier, manufacturer or distributor and may designate or approve new suppliers, manufacturers or distributors at any time in Franchisor's sole discretion.

10.2 Franchisee acknowledges and agrees that Franchisor may receive from designated or approved suppliers of Franchisee's Products, services, equipment, tools, inventory, supplies and hardware and software, periodic volume rebates or other revenue or consideration as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Franchisor shall be entitled to keep for its own use and account such rebates and revenue.

10.3 The names and addresses of Franchisor's required or approved suppliers, manufacturers and distributors shall be maintained in the Operations Manual. Franchisor reserves the right to approve all of the Products, supplies, Services, equipment, tools, inventory, hardware and software used in connection with Franchisee's Franchised Business.

10.4 Franchisee may request that Franchisor approve or designate a new supplier by following the procedures, and paying all required fees and expenses for approval, as set forth in the Operations Manual and modified periodically by Franchisor in Franchisor's discretion. Franchisor will not unreasonably withhold the approval of a supplier; however, in order to make such determination, Franchisor may require that samples from a proposed new supplier be delivered to Franchisor for testing and approval prior to use. Franchisor reserves the right to require that Franchisee pay or reimburse Franchisor for the reasonable cost of investigation in determining whether such products, services, materials, forms, items or supplies satisfy Franchisor's specifications.

11. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS.

11.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner or exclusive licensee of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Franchised Business, the Products and Services and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the Franchised Business ("**Copyrighted Materials**") are the property of Franchisor.

Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and are the property of Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 11.1(b).

(c) Franchisee will never dispute, contest or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or Franchisor's ownership of the Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of the Marks or Copyrighted Materials, nor will it represent that it has any right, title or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor or its licensor may decide, in its sole and absolute discretion, to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor or its licensor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving and enforcing Franchisor's or its licensor's rights in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

(g) **FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

11.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Franchised Business and only incompliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor in the Operations Manual and elsewhere from time to time during the Term and any Successor Term. Franchisee will make every effort consistent to protect, maintain and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Franchised Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Franchised Business and operating procedures pursuant to Section 9.6.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, stationery and promotional items such as clothing, hats, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Operations Manual and otherwise given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional or other material used in connection with the Products and Services:

(h) Franchisee will use the Marks with a superscript "®" or "™", as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

11.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Franchised Business will infringe or potentially infringe upon the rights of any third-party, weakens or impairs Franchisor's rights in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials. Franchisor shall reimburse Franchisee for the tangible cost of compliance with this requirement (such as the cost of printing new letterhead and business cards), but Franchisee will have no rights of damages, offset or right to terminate this Agreement as a result thereof and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Marks or Copyrighted Materials.

(b) Franchisee shall notify Franchisor within three days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third-party regarding the third-party's use of any of the Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor. Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

11.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

11.5 If Franchisee, during the Term of the franchise relationship, or any Interim Period or Successor Term, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos or commercial symbols related to the Franchised Business or any advertising and promotional ideas or inventions related to the Franchised Business (collectively, the "**Improvements**") Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for any fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor, at its discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

12. ADVERTISING AND PROMOTION

12.1 Franchisee acknowledges that local advertising is required to advise the public of the Franchised Business. Within the time frame from ninety (90) days before the Swim Facility opens and thirty (30) days after the Swim Facility opens ("**Start-Up Advertising and Promotions Period**"), Franchisee will spend a total of Five Thousand Dollars ($5,000.00) for a Hosted Location and Twenty-Five Thousand Dollars ($25,000) for a Dedicated Location or Dual Brand Location on promotional advertising, marketing and public relations efforts within the Territory. Upon the expiration of the Start-Up Advertising and Promotions Period and during the remaining Term, Franchisee shall spend a minimum of two percent (2%) of the current year's projected Gross Revenues ("**Local Advertising Expense**") for advertising and promotion within the Territory. Franchisee must main a detailed summary of all such Local Advertising Expenses and, upon request from Franchisor, will be required to provide such summary to Franchisor. Franchisee may advertise outside its Territory. Franchisee will receive dollar-for-dollar credit against this obligation for all contributions that Franchisee makes to a Local Advertising Cooperative in accordance with Section 12.10. Expenditures that Franchisee incurs for any of the following shall not qualify as local advertising for purposes of this Section 12.1, unless approved in advance by Franchisor: (a) salaries, expenses or benefits of any employees of Franchisee, including expense for attendance at advertising meetings or activities; (b) in-store materials consisting of furniture or equipment; or (c) seminar and educational costs and expenses of Franchisee's employees. Franchisee shall also be responsible for paying its pro rata share of a classified directory listing and / or Yellow Pages advertisement to be placed by Franchisor, or at Franchisor's option, Franchisee or the Local Advertising Cooperative, on behalf of all Swim Facilities in the market. If Franchisee operates the only Swim Facility in the market, Franchisee shall be responsible for full payment of the classified directory advertising. Franchisee shall be entitled to apply any payment made for classified directory advertising toward Franchisee's Local Advertising Expense obligation.

12.2 During the Term, Franchisee shall furnish Franchisor an accounting of Franchisee's previous quarter's expenditures for advertising and promotion on a form approved by Franchisor within thirty (30) days after the last day of each quarter.

12.3 Franchisor will make available to Franchisee all advertising and promotion materials for the Franchised Business which are used by Franchisor and other franchisees. Franchisee may not develop advertising materials for use in the Franchised Business without Franchisor's approval. If Franchisor approves the advertising materials prepared by Franchisee in writing, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

12.4 Franchisor, in its sole discretion, will maintain a Strategic Marketing and Promotions fund ("**Strategic Marketing and Promotions Fund**"). The Strategic Marketing and Promotions Fee, as set forth in Section 6.4, is in addition to Franchisee's Local Advertising Expense obligations set forth in Section 12.1.

12.5 Advertising materials and services will be provided to Franchisee through the Strategic Marketing and Promotions Fund. Franchisor may occasionally provide for placement of advertising, development of promotional materials and undertaking public relations activities on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the Strategic Marketing and Promotions Fund. Franchisor reserves the right to use the Strategic Marketing and Promotions Fee from the Strategic Marketing and Promotions Fund to place advertising in national media or regional media (including broadcast, print or other media) in the future. Franchisee acknowledges that the Strategic Marketing and Promotions Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend Strategic Marketing and Promotions Funds on Franchisee's behalf or benefit or expend Strategic Marketing and Promotions Funds equivalent or proportionate to Franchisee's Strategic Marketing and Promotions Fees on Franchisee's behalf or benefit.

12.6 The Strategic Marketing and Promotions Fund will be used to promote the System, Services and Products sold by Franchisees and will not be used for the purpose of selling additional franchises; provided, however, that Franchisee acknowledges and agrees that Franchisor may undertake certain activities using funds from the Strategic Marketing and Promotions Fund that have the effect of increasing the visibility of, and interest in, the System by prospective franchisees. Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the Strategic Marketing and Promotions Fund. The Strategic Marketing and Promotions Fund will collect Strategic Marketing and Promotions Fees from all franchisees and Franchisor's Affiliate-owned stores. All payments to the Strategic Marketing and Promotions Fund must be spent on advertising, public relations, market research, trade show attendance, promotion, point-of-sale materials, point-of-sale systems, marketing of goods and services provided by Franchisor and outside vendors, including but not limited to marketing agencies, and administration of the Strategic Marketing and Promotions Fund, including but not limited to, salaries, overhead, administrative, accounting, collection and legal costs and expenses. The Strategic Marketing and Promotions Funds will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the Strategic Marketing and Promotions Fund, at the expense of the Strategic

Marketing and Promotions Fund, will be available one hundred twenty (120) days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

12.7 The Strategic Marketing and Promotions Fees collected by the Strategic Marketing and Promotions Fund are non-refundable. The Strategic Marketing and Promotions Fund may be terminated at any time by Franchisor, in its sole discretion. In the event that the Strategic Marketing and Promotions Fund is terminated, any remaining balance in the Strategic Marketing and Promotions Fund will be expended as provided for in Section 12.6 or returned to Franchisee on a pro-rata basis.

12.8 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers and other programs, national, regional or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Local Advertising Expense obligations set forth in Section 12.1.

12.9 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the Strategic Marketing and Promotions Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the Strategic Marketing and Promotions Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the Strategic Marketing and Promotions Fund and all related matters are governed solely by this Agreement and neither this Agreement or the Strategic Marketing and Promotions Fund creates a trust, fiduciary relationship or similar arrangement.

12.10 At the time the Designated Marketing Area ("**DMA**") in which the Swim Facility is located encompasses Swim Facilities operated by at least two other franchisees or Swim Facility operators (including Franchisor's parent or Affiliates), the owners in the DMA will, at Franchisor's request and with Franchisor's advice and assistance, form a cooperative advertising association among themselves ("**Local Advertising Cooperative**" or "**Cooperative**") for the purpose of jointly advertising and promoting their Swim Facilities. Franchisor shall have control of all Cooperative Funds and expenditures of such funds shall require Franchisor's advanced approval.

(a) If, in connection with a Cooperative's formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, "spill" policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within forty-five (45) days, the issue will be referred to Franchisor for resolution. Franchisor's decision with respect to the issue's resolution will be binding on all members of the Cooperative. In addition, Franchisor reserves the right to review each Cooperative's contribution rate on an annual basis and to disapprove a rate of less than one percent (1%) of Gross Revenues. Franchisee's contributions to a Cooperative will be credited to Franchisee's Local Advertising Expense requirements set out in Section 12.1 up to a maximum of two percent (2%).

(b) Franchisee agrees (i) to join, participate in, and actively support any Cooperative established in the Swim Facility's DMA and (ii) to make contributions to each Cooperative on the payment schedule adopted by the Cooperative's members and at the contribution rate Franchisor approves.

(c) Franchisor reserves the right to seek reimbursement from the Cooperative for reasonable administrative costs, salaries and overhead as Franchisor may incur in activities related to the implementation and administration of the Cooperative and related marketing programs.

(d) Franchisor shall have the sole right, in its discretion, to form, change, dissolve or merge any Cooperative.

12.11 Franchisor will establish and maintain an Internet website that provides information about the System and the Products and Services that Swim Facilities offer. Franchisor will have sole discretion and control over the website's design and contents. Franchisor may use part of the marketing fees it collects under Section 12.4 and part of the Marketing and Promotions Fund's revenues to pay or reimburse itself for the costs of maintaining and updating the website, except that Franchisor may not use marketing fees or Marketing and Promotions Fund Contribution s to pay for those components of the website that are devoted to the sale of Swim Facilities.

(a) The website will include a section that provides the address, telephone number and e-mail address of each Swim Facility in the SafeSplash, SwimLabs, and Swimtastic chains, including Franchisee's Swim Facility.

(b) Franchisee will not have any independent right to advertise its Swim Facility on the Internet.

13. INSURANCE AND INDEMNITY

13.1 Franchisee shall, upon commencement of the Term, purchase and at all times maintain in full force and effect:

(a) Insurance policies, in such amounts and on such terms, as prescribed by the Operations Manual, issued by an insurance company acceptable to Franchisor at all times during the Term of this Agreement and any Successor Terms. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Operations Manual and adjusted by Franchisor periodically in Franchisor's sole discretion, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the Franchised Business. Insurance policies must insure Franchisee, Franchisor, Franchisor's Affiliates and Franchisor's and Franchisor Affiliates' respective officers, directors, shareholders, managers, members and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance or operation by Franchisee of the Franchised Business. The policies must also stipulate that Franchisor shall receive a thirty (30) day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance (collectively, "**Certificates of Insurance**") acceptable to Franchisor, including original endorsements effecting the coverage required by this Section, shall be furnished to Franchisor together with proof of payment within 10 days of issuance thereof. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within five days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 18 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements or the types of coverage required at any time in its sole discretion by updating the Operations Manual.

(b) All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its shareholders, members, directors, managers, employees or agents.

(c) All liability insurance policies procured and maintained by Franchisee in connection with the Franchised Business will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor's Affiliates and their respective officers, directors, managers, members, agents, employees and all other entities or individuals designated by Franchisor as additional insureds.

13.2 Franchisee shall, during the Term and any Successor Terms and after the termination or expiration of this Agreement, indemnify and defend Franchisor, its Affiliates and their respective officers, directors, managers, members and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "**Damages**") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy any Swim Facility or any other premises used by Franchisee to operate the Franchised Business is held, by Franchisee;

(b) any injury to, or loss of property of, any person in, or on, the Swim Facility or any other premises used by Franchisee to operate the Franchised Business;

(c) Franchisee's taxes, liabilities, costs or expenses of its Franchised Business;

(d) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors or others for whom it is, in law, responsible;

(e) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the operation of the Franchised Business; and

(f) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf unless such material has been produced, or approved in writing, by Franchisor.

14. RELATIONSHIP

14.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or supervision given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Franchised Business being conducted from the Franchised Business location. Franchisee is required to post a sign in a prominent location within the Swim Facility that: (i) advises customers that the Franchised Business is independently owned and operated, and (ii) identifies the Franchised Business as a member of the Streamline Brands franchise network.

It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

14.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Franchised Business, whether caused by Franchisee's negligent or willful action or failure to act.

14.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Revenues, income, property or other tax levied upon Franchisee, Franchisee's property, the Franchised Business or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

15. RESTRICTIVE COVENANTS

15.1 Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Franchised Business, the System and the concepts and methods of promoting the Franchised Business hereunder, that it has now or obtains in the future, is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Term and any Successor Terms, Franchisee and Franchisees' owners, Designated Business Managers, officers, directors, managers, members, partners and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; and (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of two years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 15.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; and (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

15.2 Franchisee covenants and agrees that:

(a) During the Term of this Agreement and any Successor Terms thereof, Franchisee and its owners shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with any business offering "learn to swim" lessons or any lessons or training materials using Franchisor's content or curriculum and the sale of related Products ("**Competitive Business**") as carried on from time to time during the Term of this Agreement, including any Successor Term.

(b) Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee nor its owners, will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two years, in any Competitive Business in: (1) the Territory or any other franchisee's or licensee's territory; (2) within 25 miles of the Territory or any other franchisee's or licensee's territory; or (3) within 25 miles of any Franchisor or Affiliate-owned SafeSplash Business or Swimtastic Business.

15.3 If any person restricted by this Section 15 refuses to voluntarily comply with the foregoing obligations, the two (2) year period will commence with the entry of any order of a court or arbitrator enforcing this Section 15.

15.4 The parties have attempted in Section 15.2 above to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 15.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 15.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. Franchisee EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

15.5 Nothing in this Section 15 shall prevent any active officer of Franchisee or member of Franchisee's family, either individually or collectively, from owning not more than a total of ten percent (10%) of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee or any member of Franchisee's family is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

15.6 Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section 15. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 15 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

16. ASSIGNMENT

16.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its sole discretion and at any time, to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

16.2 Franchisor reserves the right to assign the franchise System to anyone, including the operator of a competing national or regional chain or franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third-party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other business entities or be acquired by another business entity; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, do so free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

16.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

16.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Franchised Business, and any shares, stock, membership or interest in any corporation, limited liability company or other entity having an interest in the Franchised Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor, which approval will not be unreasonably withheld or delayed, and compliance with all terms of this Section 16. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

16.5 With and after each valid assignment of this Agreement pursuant to this Section 16, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

16.6 If Franchisee shall at any time determine to sell, in whole or in part, the Franchised Business, Franchisee shall obtain a bona fide, executed, written offer ("**Purchase Offer**") for the Franchised Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Franchised Business from a responsible, arms' length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first offer to purchase the Franchised Business as provided in Section 17.

16.7 No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor and any Affiliates or suppliers of Franchisor;

(b) the transferee executing Franchisor's then-current form of franchise agreement (which, in Franchisor's sole discretion, may have terms equal to the remainder of Franchisee's initial Term, or may include a new full length Term, and which may otherwise contain provisions substantially different from those contained herein, including a higher Service Fee and greater required expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises, but which shall not require the payment of another Initial Franchise Fee), all other documents as may be reasonably requested by Franchisor and paying to Franchisor a transfer fee ("**Transfer Fee**") of thirty percent (30%) of the then current Initial Franchise Fee;

(c) Franchisee's execution of a general release of Franchisor, including its officers, directors, members, agents and employees and Affiliates from such parties' obligations under the Agreement;

(d) the transferee is purchasing all of Franchisee's assets used in the Franchised Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the Franchised Business unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(e) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor's then-current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System or (ii) the transferee is or has been a Designated Business Manager for a period of one (1) year or more of a Franchised Business in good standing;

(f) Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and / or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and / or Franchisor to evaluate the Franchised Business and the proposed transfer. Franchisee authorizes Franchisor to confer with a proposed transferee and furnish it with information concerning the Franchised Business and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except for intentional misstatements made to a transferee;

(g) the parties to the proposed transaction will have entered into a binding agreement subject only to the rights of Franchisor set out in Section 17. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, provide jointly and severally such personal guarantees as Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the Franchised Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided with all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted; and

(j) the transferee paying all costs of Franchisor with respect to (i) the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted then-current form of Franchise Agreement and all other documents then customarily used by Franchisor to grant franchises; and (ii) the transfer, including but not limited to, all professional fees (attorney's fees, broker fees and the like), leasing expenses, brokerage commissions or fees, document preparation costs and due diligence.

16.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of the Lease, if any, of the Swim Facility), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor under seal, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation shall maintain stop transfer instructions against the transfer of shares or membership interests on its records subject to the restrictions of this Section and shall have all outstanding shares or membership interest certificates endorsed with the following legend printed conspicuously upon the face of each share or certificate:

"*The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with SafeSplash Brands, LLC d/b/a Streamline Brands. Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation*."

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Franchised Business as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the Franchised Business unless it has an operational partner or Designated Business Manager approved by Franchisor.

16.9 Upon the death or permanent disability of an individual Franchisee (or the controlling shareholder, member or partner if Franchisee is a legal entity), the personal representative of such person shall transfer all right, title and interest in this Agreement or such interest in Franchisee to any approved third-party, which may include an heir or legatee that otherwise satisfies Franchisor's then-current standards and qualifications for new Franchisee. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance, provided such transfer is in accordance with the requirements of this Section 16.9) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability (unless extended by probate proceedings), and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Franchisor shall have the right, in Franchisor's sole discretion, to operate the Swim Facility or to appoint a representative or designee to operate the Swim Facility, for a period of up to 180 days, or until such time as Franchisee's interest shall have been transferred to an approved third-party, whichever occurs first. Franchisor or the appointed representative shall be entitled to retain all revenues, and shall pay all operating expenses from the operation of the Swim Facility, without the right to seek or require reimbursement by Franchisee's estate or personal representative, during the period of operation of the Swim Facility. Failure to transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a breach of this Agreement and shall entitle Franchisor to terminate this Agreement without further notice or the opportunity to cure. For purposes hereof, the term "**Permanent Disability**" shall mean a mental or physical disability, impairment or condition that prevent Franchisee or Franchisee's controlling shareholder, member or partner from performing the essential functions of Franchisee.

16.10 Franchisee shall grant no security interest in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and the option to be substituted as obligor to the secured party and to cure any default of Franchisee, except that any acceleration of indebtedness due to Franchisee's default shall be void.

16.11 Franchisee shall not have the right to grant a subfranchise.

17. OPTION TO PURCHASE — RIGHT OF FIRST OFFER

17.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without extension of Franchisee's rights to operate the Franchised Business or the termination for any reason of the License or this Agreement;

(b) Any breach, default or other event that gives Franchisor the right to terminate the License or this Agreement, after expiration of any applicable notice and cure period; or

(c) The receipt by Franchisor of a copy of a written Purchase Offer.

17.2 Upon any event described in Subsection 17.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the Franchised Business, and all its improvements, furniture, fixtures, equipment and products and all of Franchisee's accounts receivable, contract rights, work in progress and other business assets.

17.3 The purchase price for assets itemized in Subsection 17.2 will be, subject to Section 17.4: (i) the current fair market value if Subsection 17.1(a) or 17.1(b) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Subsection 17.1(c) is applicable. If Franchisee and Franchisor cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by Franchisee and Franchisor and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee.

17.4 If Franchisor elects to exercise any option to purchase provided in this Section 17, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

17.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("**Notice of Intent**") within sixty (60) days following an event described in Subsection 17.1(a) or 17.1(b) or within fifteen (15) days following an event described in Subsection 17.1(c). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Subsection 17.1(a) or 17.1(b) is applicable. In the event Franchisor is purchasing the assets pursuant to Subsections 17.1(b) or 17.1(b), Franchisee will have fourteen (14) days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Subsection 17.3. If Franchisor declines to exercise its rights under this Section within the fifteen (15) or sixty (60) day period described above, as applicable, Franchisee may thereafter sell or dispose of the Franchised Business to any third-party in the event of a sale under Subsection 17.1(b) or 17.1(b) or to the third-party identified in the Purchase Offer in the event of a sale under Subsection 17.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 16. If the sale to such third-party purchaser is not completed within ninety (90) days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first offer provided in this Agreement.

17.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 17, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Subsections 17.1(b) or 17.1(b) , following the delivery of a Notice of Intent as specified in Subsection 17.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the Franchised Business and to carry on and develop the Franchised Business for the exclusive benefit of Franchisor or its designee.

18. DEFAULT AND TERMINATION

18.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 20, upon the occurrence of any of the following events:

(a) Franchisee fails or refuses to open the Swim Facility on or before the Required Opening Date;

(b) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Operations Manual, Confidential Information or Trade Secrets of Franchisor;

(c) Franchisee voluntarily abandons the Franchised Business for a period of five (5) consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Franchised Business or Franchisee provides written notice to Franchisor of its intent to abandon the Franchised Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(d) Franchisee becomes insolvent or is adjudicated a bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(e) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Franchised Business or any of the property used in the operation of the Franchised Business and is not discharged within five days; or if the real or personal property of Franchisee's Franchised Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(f) Franchisee, the Designated Business Manager, or any owner of greater than ten percent (10%) of the Franchisee entity, is charged or convicted of a any felony charge, or a crime involving moral turpitude, or a felony or misdemeanor of any type against a child, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(g) Franchisee fails to pay any amounts due Franchisor or Affiliates within ten (10) days after receiving notice that such fees or amounts are overdue;

(h) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within ten (10) days after notification from Franchisor;

(i) Franchisee has received two notices of default with respect to Franchisee's obligations hereunder from Franchisor within a twelve (12) month period, regardless of whether the defaults were cured by Franchisee;

(j) Franchisee sells, transfers or otherwise assigns the Franchised Business, an interest in the Franchised Business or Franchisee entity, this Agreement, or a substantial portion of the assets of the Franchised Business owned by Franchisee without complying with the provisions of Section 16;

(k) Franchisee submits on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than two percent (2%), unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(l) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five days late on two or more occasions during the Term or any Successor Term unless due to circumstances beyond the control of Franchisee;

(m) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(n) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials;

(o) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(p) Franchisee or its Designated Business Manager fails to successfully complete Franchisor's training or re-training course(s);

(q) Franchisee receives from Franchisor during the Term and any Successor Term three or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee;

(r) Any misrepresentation under Section 2.9 or any violation of Anti-Terrorism Laws by Franchisee, its Designated Business Manager, its owners, officers, directors, managers, members, partners, agents or employees; or

(s) Franchisee fails, refuses or neglects to take appropriate and necessary measures at the Swim Facility to protect any student or employee of the Franchised Business whose health or safety is in imminent and significant danger when Franchisee is aware of, or should be aware of, such danger.

18.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; (ii) reduce the size of Franchisee's Territory, as determined by Franchisor in Franchisor's discretion or (iii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon thirty (30) days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such thirty (30) day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the thirty (30) day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Operations Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest or which has a controlling interest in Franchisee, defaults under any term of the Lease of the Swim Facility or any other premises used by Franchisee to operate the Franchised Business, any other franchise agreement with Franchisor or any other agreement material to the Franchised Business and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Strategic Marketing and Promotions Fees or any other report required under the Agreement when due;

(f) Franchisee fails, refuses or neglects to accurately report Gross Revenues, sales information or other information required by Franchisor to be reported;

(g) Franchisee operates the Franchised Business in a manner that presents a significant health or safety hazard to any of its students or employees;

(h) Franchisee receives a score on Franchisor's annual quality assurance evaluation ("**QA**") that is below seventy percent (70%); or

(i) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within ten (10) days (or thirty (30) days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

18.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such thirty (30) day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such thirty (30) day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than thirty (30) additional days.

18.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause, and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

18.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

18.6 Franchisee agrees to pay within five days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the Lessor of the Swim Facility or other premises used in the Franchised Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

18.7 All advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates, and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

18.8 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Franchise Agreement with Franchisor, respecting another franchised SafeSplash Business, SwimLabs Business, or Swimtastic Business using the Marks, a default under this Agreement shall constitute a default under such other Franchise Agreement and vice versa, with like remedies available to Franchisor. Should such other Franchise Agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor may at its option terminate the other Franchise Agreement and the other Franchise Agreement shall be forthwith surrendered and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

18.9 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Operations Manual and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Operations Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third-party for Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Operations Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the Franchised Business constitute assets of Franchisor, and upon termination or expiration of this Agreement, Franchisee shall take such action within five days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, facsimile number and Internet and e-mail addresses and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, facsimile numbers, directory listings and Internet addresses used by Franchisee to promote the Franchised Business and / or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. **Attachment E** evidences such appointment;

(d) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(e) Franchisee shall, at Franchisor's option, immediately assign to Franchisor any interest in which Franchisee has in any Lease or other evidence of title for the Swim Facility. In the event Franchisor does not elect to exercise its option to acquire the Lease or other evidence of for the Swim Facility, then, to the extent, if any, Franchisee is permitted to conduct any business at the Swim Facility pursuant to the terms of this Agreement or a separate written agreement with Franchisor, and acknowledging the distinctiveness of Franchisor's interior design and décor, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of such premises from that of other Swim Facilities operating under the System and Marks, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 18.9(e), Franchisor shall have the right to enter the Swim Facility without being guilty of trespass or any other tort, for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand;

(f) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any designation of origin, description, representation, trademark or trade name which suggests or represents a past or present association or connection with Franchisor, the System or the Marks;

(g) Provide Franchisor the option to purchase as set forth in Section 17; and

(h) Comply with the provisions of Sections 11.1(c) and 11.1(d) and Section 15.

18.10 If, within thirty (30) days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Franchised Business, which are identified or associated with the System, Franchisor may enter the Franchised Business to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

18.11 If, within thirty (30) days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

18.12 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

18.13 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 11, 13, 15 and 17, hereof shall survive termination or expiration of this Agreement.

18.14 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in the Franchised Business or which are situated on the Franchised Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.15 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

18.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 13.

18.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

18.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

18.19 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

19. CONDEMNATION AND CASUALTY

19.1 Franchisee shall promptly advise Franchisor upon Franchisee's receipt of a notice of default or termination under Franchisee's Lease or mortgage, and shall promptly provide Franchisor a copy of the notice. Franchisee shall also give Franchisor notice of any proposed taking of the Swim Facility or any portion thereof through the exercise of the power of eminent domain at the earliest possible time. If the Swim Facility or a substantial part thereof is to be taken, the Franchised Business may be relocated within the Territory specified in **Attachment A**, or elsewhere with Franchisor's written approval in accordance with Franchisor's relocation procedures set forth in the Operations Manual. If Franchisee opens a new business as provided above at another location in accordance with Franchisor's standards and general specifications within one year of the closing of the old Swim Facility, the new Franchised Business shall be deemed to be the Franchised Business licensed under this Agreement. If a condemnation, Lease termination or mortgage default takes place and a new Franchised Business does not, for any reason, become the Franchised Business as provided in this Section 19.1, then the License shall terminate upon notice by Franchisor.

19.2 If the Swim Facility is damaged for any reason, Franchisee shall expeditiously repair the damage. If the damage or repair requires closing the Franchised Business, Franchisee shall immediately notify Franchisor in writing, and shall:

(a) Relocate the Franchised Business as provided in Subsection 19.1; or

(b) Repair or rebuild the Franchised Business at the Swim Facility in accordance with Franchisor's then existing standards and general specifications, and reopen the Franchised Business for continuous business operations as soon as practicable (but in any event within 12 months after closing the Franchised Business at the Swim Facility), giving Franchisor thirty (30) days advance notice of the date of reopening;

(c) If the Franchised Business is not (or, in the opinion of Franchisor cannot be) reopened in accordance with this Section 19.2, or relocated pursuant to Subsection 19.1, the License shall terminate upon notice to Franchisee.

19.3 The Term will not be extended by any interruption in the Franchised Business's operations, except for an act of God that results in the Franchised Business being closed not less than sixty (60) days nor more than one hundred eighty (180) days. Franchisee must apply for any extension within thirty (30) days following the reopening of the Franchised Business. No event during the Term will excuse Franchisee from paying Strategic Marketing and Promotions Fees as provided in this Agreement.

20. NOTICES

20.1 Any notice of default under this Agreement shall be delivered personally or by courier to the appropriate location. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail or by recognized overnight delivery or courier services, in the case of Franchisor to:

To Franchisor:

SafeSplash Brands, LLC d/b/a Streamline Brands
12240 Lioness Way
Parker, Colorado 80134
Attention: Chief Operating Officer
Phone: (720) 735-9511
Email: franchise@streamlinebrands.com

To Franchisee:

____
____
____
Attention:___________________
Phone: (__) _________________
Email: ____________________

Any such notice or other document delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee on the third (3rd) business day following the date of mailing, and any delivery made by recognized overnight delivery or courier services shall be deemed to be delivered the next business day. Any party may at any time give notice in writing to any other party of any change of address.

21. DISPUTE RESOLUTION

21.1 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Operations Manual, and the parties acknowledge and agree that this procedure may be revised periodically in Franchisor's discretion.

21.2 To protect from violations that would cause immediate loss and damages or irreparable harm, Franchisor and Franchisee shall each have the right to seek from a state or federal court located in Denver, Colorado:

(a) injunctive relief and any related incidental damages;

(b) an action for disputes or claims related to or based on the Marks;

(c) enforcement of a covenant not to compete; and

(d) issues related to the disclosure of or misuse of Confidential Information or Trade Secrets.

21.3 **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ANY CONTROVERSY OR DISPUTE ARISING OUT OF, OR RELATING TO THE FRANCHISE OR THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY FRANCHISEE OR ANY PERSON IN PRIVITY WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE, CONCERNING THE ENTRY INTO, PERFORMANCE UNDER, OR TERMINATION OF, THIS AGREEMENT OR ANY OTHER AGREEMENT ENTERED INTO BY FRANCHISOR, OR ITS SUBSIDIARIES OR AFFILIATES, AND FRANCHISEE; ANY CLAIM AGAINST A PAST OR PRESENT EMPLOYEE, OFFICER, DIRECTOR, MEMBER, SHAREHOLDER OR AGENT OF FRANCHISOR; ANY CLAIM OF BREACH OF THIS AGREEMENT; AND ANY CLAIMS ARISING UNDER STATE OR FEDERAL LAWS, SHALL BE SUBMITTED TO FINAL AND BINDING ARBITRATION AS THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH CONTROVERSY OR DISPUTE. "PERSONS IN PRIVITY" WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF FRANCHISEE INCLUDE BUT ARE NOT LIMITED TO, SPOUSES AND OTHER FAMILY MEMBERS, DOMESTIC PARTNERS, HEIRS, EXECUTORS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS. SUBJECT TO THIS SECTION, THE RIGHT AND DUTY OF THE PARTIES TO THIS AGREEMENT TO RESOLVE ANY DISPUTES BY ARBITRATION SHALL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT, AS AMENDED, AND ARBITRATION SHALL TAKE PLACE ACCORDING TO THE COMMERCIAL ARBITRATION RULES (IN EFFECT AS OF THE DATE THE DEMAND FOR ARBITRATION IS FILED) OF, AND UNDER THE AUSPICES OF, THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION, WHICH SHALL BE HELD BEFORE A SINGLE ARBITRATOR, SHALL BE HELD IN THE DENVER, COLORADO OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION, OR AT SUCH OTHER LOCATION AS SHALL BE MUTUALLY AGREED UPON BY THE PARTIES IN WRITING. HOWEVER,**

ARBITRATION WILL NOT BE REQUIRED TO BE USED FOR ANY DISPUTE WHICH INVOLVES THE TYPE OF DISPUTES IDENTIFIED IN SECTION 21.2. THE PARTIES EXPRESSLY CONSENT TO PERSONAL JURISDICTION IN THE STATE OF COLORADO AND AGREE THAT SUCH COURT(S) WILL HAVE EXCLUSIVE JURISDICTION OVER ANY DETERMINATION OF THE "PREVAILING PARTY" IN ACCORDANCE WITH SUCH ISSUES NOT SUBJECT TO ARBITRATION.

21.4 A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. subject to the provisions contained in Section 22.3, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. the arbitrator shall have no authority to amend or modify the terms of this agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

21.5 Parties to arbitration under this agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any Person in Privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

21.6 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees or area developers. Franchisee agrees not to join or attempt to join other franchisees, area developers or other third-parties in any arbitration proceeding and to refrain from participating in any "class action" litigation or arbitration proposed or asserted by one or more other franchisees.

21.7 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of one year from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

22. MISCELLANEOUS

22.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Colorado, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any Franchisee that is not a resident of the State of Colorado the benefit of any Colorado law providing specific protection to franchisees residing or operating in the State of Colorado. **FRANCHISEE AND FRANCHISOR HAVE NEGOTIATED REGARDING A FORUM IN WHICH TO RESOLVE ANY DISPUTES WHICH MAY ARISE BETWEEN THEM AND HAVE AGREED TO SELECT A FORUM IN ORDER TO PROMOTE STABILITY IN THEIR RELATIONSHIP. THEREFORE, IF A CLAIM IS ASSERTED IN ANY LEGAL PROCEEDING INVOLVING FRANCHISEE, ITS OFFICERS DIRECTORS, MANAGERS, MEMBERS, OR PARTNERS AND FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, MANAGERS, MEMBERS, EMPLOYEES OR AFFILIATES OF BOTH PARTIES AGREE THAT THE EXCLUSIVE VENUE FOR DISPUTES BETWEEN THEM SHALL BE IN THE STATE OF COLORADO AND EACH WAIVE ANY OBJECTION EITHER MAY HAVE TO THE PERSONAL JURISDICTION OF OR VENUE IN THE STATE OF COLORADO. FRANCHISEE IRREVOCABLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND WAIVES ANY OBJECTION FRANCHISEE MAY HAVE TO EITHER THE JURISDICTION OR VENUE IN SUCH COURT. FRANCHISOR AND FRANCHISEE FURTHER WAIVE EACH OF THEIR RIGHTS TO A JURY TRIAL FOR ANY MATTER THAT IS TRIED BEFORE A COURT OF LAW.**

22.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

22.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

22.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's CEO, President or Vice President, except that a waiver need be signed only by the party waiving.

22.5 This Agreement, together with the Franchise Disclosure Document, Operations Manual, any written related agreements, all Exhibits, Attachments and the State Addenda attached to the Disclosure Document as **Exhibit E**, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, the License, the System or the Franchised Business. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

22.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "**Franchisee**" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine. The term "**Lease**" shall include a sublease and a renewal or extension of a lease or sublease.

22.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

22.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion or acts of God ("**Force Majeure Event**"). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay any monies due to Franchisor when such amounts are due.

22.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, which appointment is coupled with an interest, and hereby empowers it to execute such instruments regarding the Marks for and in Franchisee's name in order to give full effect to Sections 11, 13, 16 and 18 of this Agreement. Franchisee hereby declares that the power of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

22.10 This Agreement shall be binding upon, and subject to Section 16 hereof, shall inure to the benefit of, Franchisor's and Franchisee's successors and permitted assigns.

22.11 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

22.12 From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

23. ACKNOWLEDGEMENT

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS AGREEMENT AND IN THE FRANCHISOR DISCLOSURE DOCUMENT PROVIDED TO FRANCHISEE BY FRANCHISOR, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN SEVEN FULL CALENDAR DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT THE SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE’S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR’S FRANCHISED BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE FRANCHISED BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE FRANCHISED BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE FRANCHISED BUSINESS VENTURE; AND

4. EXCEPT AS OTHERWISE SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE; AND

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE FRANCHISED BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written below.

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

____

By: ________________________________

Title: ______________________________

Date (which shall be the "**Effective Date**" of this Agreement): ___________________________

FRANCHISEE:

By: ________________________________

Date: ______________________________

____
Individually

OR:
(if a corporation or partnership)

____
Company Name

____

By: ________________________________

Title: ______________________________

Date: ______________________________

ATTACHMENT A
TO FRANCHISE AGREEMENT

TERRITORY AND INITIAL FRANCHISE FEE

1. **Swim Facility.** The business address for the approved Swim Facility is:

____

____

2. **Grant of License**. Franchisee is granted the right to own and operate one (1) Franchised Business under the following name(s) and Marks:

[ ] SafeSplash Swim School®

[ ] Swimtastic®

[ ] SafeSplash Swim School® / SwimLabs®

[ ] Swimtastic® / SwimLabs®

3. **Territory and Location Type.**

The Territory set forth in Section 5.1 of the Agreement shall be:

[ ] Hosted Location: a radius of two and one (2½) miles from the above location of the Swim Facility

[ ] Dedicated Location: a radius of five (5) miles from the above location of the Swim Facility

[ ] Dual Brand Location: a radius of five (5) miles from the above location of the Swim Facility

4. **Initial Franchise Fee.** Franchisee shall pay to Franchisor an Initial Franchise Fee equal to

[ ] Sixty Thousand Dollars ($60,000.00)

[ ] Fifty Thousand Dollars ($50,000.00)

[ ] Thirty Five Thousand Dollars ($35,000.00)

plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

5. **Subsequent Initial Franchise Fee for Area Development Agreements.** Franchisee shall pay to Franchisor a subsequent Initial Franchise Fee equal to

[ ] Sixty Thousand Dollars ($60,000.00)

[ ] Fifty Five Thousand Dollars ($55,000.00)

[ ] Fifty Thousand Dollars ($50,000.00)

[ ] Forty Five Thousand Dollars ($45,000.00)

[ ] Forty Thousand Dollars ($40,000.00)

[ ] Thirty Five Thousand Dollars ($35,000.00)

[ ] Thirty Thousand Dollars ($30,000.00)

[ ] Twenty Five Thousand Five Hundred Dollars ($25,000.00)

plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

6. **Required Opening Date**. Franchisee will open the Swim Facility on or before the following date: ______________________________.

FRANCHISOR:	**FRANCHISEE:**
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS	**NAME:** ______________________________
______________________________________	______________________________________
By: __________________________________	By: __________________________________
Title: ________________________________	Title: ________________________________

ATTACHMENT B
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement, and any revisions, modifications, addenda, and amendments thereto (hereinafter collectively the "**Agreement**") executed on the Effective Date by and between SafeSplash Brands, LLC d/b/a Streamline Brands ("**Franchisor**") and ______________________________ ("**Franchisee**"), each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Term, including all Interim Periods and Successor Terms thereof, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including but not limited to, the terms of Section 15.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and

5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

6. His or her direct and immediate liability under this guaranty shall be joint and several;

7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

9. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial

payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term, including renewals thereof; and

10. This Agreement shall be enforceable by and against his or her respective administrators, executors, successors and assigns, and his or her death shall not terminate his or her liability or limit his or her liability hereunder.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

GUARANTOR(S):

____

By: ____________________________

Date: ___________________________ (which shall be the "**Effective Date**" of this Agreement)

____

By: ____________________________

Date: ___________________________

ATTACHMENT C
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: ____

Trade Name (if different from above): ____

Form of Ownership
(Check One)

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s) and list the names and addresses of every member and the percentage of membership interest held by each member.

STATE OF FORMATION:_______________ **DATE OF FORMATION:**_______

NAME OF SHAREHOLDER	OWNERSHIP PERCENTAGE

Franchisee acknowledges that this Statement of Ownership applies to the Franchised Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE:

____

By: _________________________________

Title: _______________________________

Date: _______________________________

ATTACHMENT D
TO FRANCHISE AGREEMENT

BY AND BETWEEN SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS
AND
____ ("FRANCHISEE")

EFT AUTHORIZATION AGREEMENT
(DIRECT DEBITS)

The undersigned depositor ("**Depositor**") hereby authorizes SafeSplash Brands, LLC d/b/a Streamline Brands ("**Company**") to initiate credit and debit entries and / or credit and debit correction entries to the undersigned's checking and / or savings account(s) indicated below and the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions.

____________________________________ Depository	____________________________________ Branch
____________________________________ Address	____________________________________ City, State, Zip Code
____________________________________ Bank Transit / ABA Number	____________________________________ Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

Depositor:____________________________

____

By: ________________________________

Title: _______________________________

Date: _______________________________

ATTACHMENT E
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND TELEPHONE LISTINGS AND INTERNET ADDRESSES

THIS ASSIGNMENT is entered into on the Effective Date (as defined below), in accordance with the terms of the SafeSplash Brands, LLC d/b/a Streamline Brands Franchise Agreement ("**Franchise Agreement**") between___________________________________ ("**Franchisee**") and SafeSplash Brands, LLC d/b/a Streamline Brands ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a SafeSplash or Swimtastic franchised business ("**Franchised Business**") located at ___________________________________.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**") and (2) those certain Internet website addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchised Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and / or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and / or Franchisee's Internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE:	**ASSIGNOR:**
SAFESPLASH BRANDS, LLC **d/b/a STREAMLINE BRANDS**	**NAME:** ______________________________
______________________________________	______________________________________
By: __________________________________	By: __________________________________
Its: __________________________________	Its: __________________________________
Date: ________________________________ (which shall be the "**Effective Date**" of this Assignment)	

ATTACHMENT F
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

This Addendum to Lease ("**Addendum**"), dated _______________, is entered into by and between __________________ ("**Lessor**"), and __________________ ("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease.

A. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated _________, and pertaining to the premises located at ________________ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate a SafeSplash or Swimtastic franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with SafeSplash Brands, LLC d/b/a Streamline Brands ("**Franchisor**") under the name "SAFESPLASH SWIM SCHOOL®," or "SWIMLABS®" or "SWIMTASTIC®," or other name designated by Franchisor (herein referred to as "**Franchised Business**").

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

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

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee shall agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee shall have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as **Attachment F-1**: (a) to Franchisor or Franchisor's parent, subsidiary or affiliate, (b) to a duly authorized franchisee of Franchisor, (c) in connection with a merger, acquisition, reorganization or consolidation or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation

of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee shall at all times remain liable under the terms of the Lease. Franchisor shall have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a). Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor shall be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor shall not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

SafeSplash Brands, LLC d/b/a Streamline Brands
12240 Lioness Way
Parker, Colorado 80134
Attention: Chief Operating Officer
Phone: (720) 735-9511

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

(c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which shall be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the "SafeSplash Swim School®" and "SwimLabs®" and "Swimtastic®" marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Attachment F-1**.

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

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Competition by Other Lessees of Lessor. Lessor agrees that it will not do business with nor lease to another business whose primary business is the provision of "learn to swim" lessons for children.

8. No Radius Clause. The radius restriction set forth in the Lease is hereby deleted.

9. No Relocation Clause. Any relocation clause found in the Lease is hereby deleted.

10. Casualty And Condemnation. In the event the Premises are completely or partially damaged by fire or other casualty or are condemned by a governmental agency in whole or in part, such that the Premises cannot, in Lessee's reasonable business judgment, be used by Lessee for their intended purposes, or can only be partially used by Lessee (it being understood that Lessee, in its reasonable business judgment, shall decide whether to remain open prior to the completion of repairs to the Premises) and this Lease is not terminated as otherwise provided in this Lease, there shall be an equitable abatement of rent, any percentage rent and other charges payable by Lessee hereunder for any days the Lessee cannot use the entire Premises. In the event the Premises are not repaired or restored by Lessor within 180 days after the date of the casualty or condemnation, Lessee may elect to terminate this Lease upon 30 days prior written notice to Lessor.

11. Common Areas-No Changes**.** Lessor shall not change or alter the common areas in any manner which would alter the dimensions or location of the Premises or adversely affect the use, operation or conduct of Lessee's business being conducted in the Premises, adversely affect the accessibility or visibility of the Premises or reduce the existing parking facilities of the Shopping Center by more than 10 %.

12. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Shopping Center, the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor shall be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor shall indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorneys' fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Shopping Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

13. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

14. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Center and has full right, power and authority to enter into this Lease; (ii) that

the Center is in compliance with the Americans with Disabilities Act (“**ADA**”); (iii) that the permitted “use” of the Premises does not currently violate the terms of any of Lessor’s insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Center and shall maintain throughout the term of this Lease general liability insurance coverage for the Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Center in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein, Lessee shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof shall not be disturbed. Lessor covenants and agrees that Lessor shall take no action that will interfere with Lessee’s intended usage of the Premises. Lessor shall indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor’s operation of the Center, (y) Lessor’s breach in the performance of any of its obligations under this Lease or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of this Lease.

15. Lessor Work And Repair. Lessor shall perform all work described in the Lease and Exhibit __ attached hereto and incorporated herein. Lessor shall be responsible for the payment of all tap fees and system development fees incurred in connection with Lessor’s provision of utilities to the Premises. Utilities shall be “stubbed” to the Premises at no cost to Lessee. All Lessor work shall be performed in a workmanlike manner with quality materials in compliance with all laws, codes and all regulations. If Lessor’s work is not performed as herein required, or if such work or the Center is not in compliance with all laws, codes or other regulations, Lessor shall perform the necessary remedial work at its sole cost and expense. Lessor covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Lessee, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural systems including, without limitation, the roof, roof membrane roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

16. Mitigation. Lessor shall use reasonable efforts to mitigate its damages in the event of a Lessee default.

17. Lessee Financing. Lessee shall have the right from time to time during the term of the Lease, and without Lessor’s prior approval, to grant and assign a mortgage or other security interest in Lessee’s interest under this Lease and all of Lessee’s personal property located within the Premises to its lenders in connection with Lessee’s financing arrangements and any lien of Lessor against Lessee’s personal property (whether by statute or under the terms of this Lease) shall be subject and subordinate to such security interest. Lessor shall execute such documents as Lessee’s lenders may reasonably request in connection with any such financing.

18. Continued Business Operation. Lessee may close its business once every five (5) years for a reasonable time to refurbish and redecorate the Premises.

19. Removal Of Trade Dress / Personal Property. Lessor shall permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor shall permit Lessee to remove its trade dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section __, whichever later occurs.

20. Alterations. Lessor's consent shall not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

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

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

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

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

LESSOR:	**LESSEE:**
______________________________	______________________________
By: ___________________________	By: ___________________________
Title: _________________________	Title: _________________________

ATTACHMENT F-1
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of______________ ("**Effective Date**"), the undersigned, __________________________________ ("**Assignor**"), hereby assigns, transfers and sets over unto SafeSplash Brands, LLC d/b/a Streamline Brands ("**Assignee**") all of Assignor's right, title and interest as Lessee, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A** ("**Lease**") with respect to the premises located at ______________________ ("**Premises**"). This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement ("**Franchise Agreement**") for a SafeSplash franchised business or Swimtastic franchised business between Assignee and Assignor, or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in that event, Assignor shall have no further right, title or interest in the Lease.

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

[Signatures on following page]

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

ASSIGNOR:

____

By: ______________________________________
Its: ______________________________________

ASSIGNEE:

SAFESPLASH BRANDS, LLC
d/b/a STREAMLINE BRANDS,
a Colorado limited liability company

By: ______________________________________
Its: ______________________________________

EXHIBIT A

LEASE
With Respect to Premises Located at:

____

(To Be Attached)

ATTACHMENT G
TO FRANCHISE AGREEMENT

HOSTED LOCATION ADDENDUM

This Addendum to the Franchise Agreement ("**Addendum**") is made and entered into on the Effective Date (as defined below), by and between SafeSplash Brands, LLC d/b/a Streamline Brands, a Colorado limited liability company (the "**Franchisor**"), and ______________________ ______________________________________ , a ____ ("**Franchisee**").

BACKGROUND

A. Franchisor and Franchisee have entered into that certain Franchise Agreement, dated as of the date hereof ("**Franchise Agreement**"), pursuant to which Franchisee will operate a Franchised Business at the location described in Attachment A to the Franchise Agreement.

B. Franchisor and Franchisee desire to amend the terms of the Franchise Agreement by incorporating the terms of this Addendum into the Franchise Agreement.

AGREEMENT

1. DEFINITIONS. CAPITALIZED TERMS USED AND NOT DEFINED IN THIS ADDENDUM SHALL HAVE THE MEANINGS ASSIGNED TO THEM IN THE FRANCHISE AGREEMENT.

2. Construction. Section 9.3 of the Franchise Agreement is deleted in its entirety.

3. License Agreement. Franchisee's operation of the Franchised Business is subject to the terms and conditions of the License Agreement with the third-party, a copy of which has been provided to Franchisee. The terms and conditions of the License Agreement, including all exhibits, amendments, schedules and addenda thereto, are incorporated by reference into the Franchise Agreement.

4. Addendum Binding. This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

5. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Addendum as of the date first above written.

FRANCHISOR:	**FRANCHISEE:**
SAFESPLASH BRANDS, LLC **d/b/a STREAMLINE BRANDS**	**NAME:** ______________________________
____________________________________	____________________________________
By: _________________________________	By: _________________________________
Title: _______________________________	Title: _______________________________
Date:________________________________ (which shall be the "**Effective Date**") of this Addendum	Date:________________________________

ATTACHMENT H
TO FRANCHISE AGREEMENT

SBA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ________________, 20____, by and between ____("Franchisor"), located at ____, and ____ ("Franchisee"), located at ____.

Franchisor and Franchisee entered into a Franchise Agreement on ________________, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U.S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the Franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the Franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 3733.

Authorized Representative of FRANCHISOR:

By: ________________________________
Print Name: _________________________
Title:_______________________________

Authorized Representative of FRANCHISEE:

By: ________________________________
Print Name: _________________________
Title:_______________________________

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

ATTACHMENT I
TO FRANCHISE AGREEMENT

ENHANCED SERVICES ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum Services Addendum to the Franchise Agreement ("**Addendum**") is entered into on ________________________ ("**Effective Date**"), by and between SafeSplash Brands, LLC d/b/a Streamline Brands, a Colorado limited liability company ("**Franchisor**"), located at 12240 Lioness Way, Parker, Colorado 80134, and ____________________________ located at ____________________________________ ("**Franchisee**").

WHEREAS, Franchisor and Franchisee have entered into that certain SafeSplash Brands, LLC d/b/a Streamline Brands Franchise Agreement dated ____________________ ("**Franchise Agreement**");

WHEREAS, pursuant to the Franchise Agreement, Franchisor has granted Franchisee the right to operate a business which offers "learn to swim" programs for children and adults, birthday parties, camps, other swimming-related activities and the sale of related products ("**Franchised Business**");

WHEREAS, Franchisee desires to have Franchisor provide enhanced administrative services to the Franchised Business including call center services, billing services, registration and billing software, and productivity software ("**Enhanced Services**"); and

WHEREAS, Franchisor agrees to provide Enhanced Services to the Franchised Business in accordance with the terms and conditions of this Agreement; and

WHEREAS, Franchisor and Franchisee desire to amend the terms of the Franchise Agreement by incorporating the terms of this Addendum into the Franchise Agreement.

NOW, WHEREFORE, the Franchisor and Franchisee hereby agree as follows, intending to be bound hereby:

1. Definitions. Capitalized terms used and not defined in this Agreement will have the meanings set forth in the Franchise Agreement.

2. Newly Created Provision in Franchise Agreement. Franchisor and Franchisee agree that all of the terms and conditions set forth in this Addendum shall be incorporated into the Franchise Agreement as a newly created Section 8.8 within the Franchise Agreement.

3. Enhanced Services. During the Term of the Franchise Agreement, Franchisor agrees to provide, through an Affiliate of Franchisor or a third-party designee of Franchisor, the following Enhanced Services to the Franchised Business:

- Call Center Services: Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will answer inbound phone calls and respond to client inquiries about all services offered, level selection, account set up and class enrollment, class scheduling and rescheduling, billing invoice review, account and enrollment updates, and all other requests and inquires as authorized by Franchisor (collectively, "**Call Center Services**"). Responses and resolution will be unique based on location specific and published guidelines. If follow up is needed, the call center will initiate outbound calls and or email to close client inquiry on behalf of Franchisor. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will work leads on new customers by making outbound calls and assisting with program/enrollment questions. Emails will also be sent to initiate customer contact and complete enrollments. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will answer all emails received via more information inquires. These emails may originate from the location website or "contact us" option. Email assistance includes responding to all customer inquiries as noted above for calls. Email engagement includes back and forth communication with customers until the inquiry is closed. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will answer all chats from customers. Chats will be both proactive or manual in origination. Chat representatives will respond to all client inquires as noted for calls and email. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will provide Spanish language services for both calls and emails.

- Billing Services: Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will complete billing for all accounts multiple times each month (collectively, "**Billing Services**"). Billing Services includes processing of classes charges, fees, and credits via credit and debit cards. Cash or check transactions will be managed by Franchisee and will be reported to Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor on a monthly basis. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will follow up on all uncollected funds due to credit card refusals. Calls will be made to customers to resolve balance. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will remove clients from classes if payment is not collected. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will work all dispute charges and respond to chargeback documentation requests to prove accuracy of charges and to attempt to mitigate Franchisee's losses.

- School Operating and Management Software: Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will provide access to the school management, serving as the web and mobile application to provide services, manage web- and mobile-based customer interactions, manage customer billing, and provide reporting to Franchisee. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will define the initial configuration of the software based on brand-specific standards and create an account on Franchisee's behalf based on these standards. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will monitor, manage, and maintain the software configuration, as needed. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will provide training for the system via a comprehensive, up-to-date video training library. Software systems support is provided during the dates and times, and via the methods, established by the specified software provider.

- Productivity Software: Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor can provide access to productivity software to Franchisee, which can include web-based productivity applications, a branded email address, cloud storage, as well as chat-based communication and collaboration tools. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will manage access to and maintain the configuration of this platform, as needed. Franchisor, an Affiliate of Franchisor, or a third-party designee of Franchisor will provide support for this platform, available via email at help@streamlinebrands.com, Monday through Friday, 8:00 a.m. to 5:00 p.m. MT.

4. Enhanced Services Fee. In consideration of the Enhanced Services to be provided by Franchisor to the Franchised Business hereunder, Franchisee agrees to pay the Enhanced Services Fee, in the amount of ten percent (10%) of all Gross Revenues generated by the Franchised Business, which will be collected and disbursed to Franchisor in the same manner and at the same time as the Royalty. Franchisee acknowledges and agrees that the Enhanced Services Fee may be modified each year upon a mutual written agreement between Franchisee and Franchisor; provided, however, that such Enhanced Services Fee shall not increase or decrease by more than two percent (2%) each year, and the cumulative increase or decrease in the Enhanced Services Fee shall not exceed ten percent (10%) during the Term of this Agreement. Franchisee further acknowledges and agrees that, in the event Franchisee fails or refuses to book any sales transaction conducted by the Franchised Business through the Enhanced Services Model, Franchisee must still pay to Franchisor service fee equal to ten percent (10%) of Gross Revenues generated by such transaction.

5. Other Fees. As set forth in the Franchise Agreement, Franchisee authorizes Franchisor to collect all other payments due to Franchisor through the Enhanced Services process, including but not limited to the Royalty, Strategic Marketing and Promotions Fee and Hosted Location Fee (if applicable).

6. Disclaimer of Warranties. Except as required by law, Franchisee acknowledges and agrees that Franchisee's use of the Services is entirely at Franchisee's own discretion and risk. The Services are furnished by Franchisor "as is" and without warranties or conditions, statutory or otherwise, of any kind. Franchisor: (a) expressly disclaims all warranties, whether express, implied, or statutory, including, without limitation, the implied warranties of noninfringement, title, merchantability and fitness for a particular purpose; (b) does not warrant that the Services will meet Franchisee's requirements, or that their operation will be timely, uninterrupted, secure, or error-free or that any defects will be corrected; and (c) does not warrant or make any representations or conditions regarding the use or the results of the use of the Services in terms of its accuracy, reliability, timeliness, completeness or otherwise. Franchisee assumes total responsibility for the use of the Services by Franchisee and any other end users of the Services.

7. Disclaimer of Consequential Damages. Notwithstanding any other provision of the Franchise Agreement, except as required by law, in no event will Franchisor be liable to Franchisee for any special, indirect, incidental, punitive, exemplary, reliance or consequential damages of any kind, including, but not limited to, compensation, reimbursement or damages in connection with, arising out of, or relating to, the use, or loss of use of, the services, loss of profits, loss of goodwill, loss of data or content, cost of procurement of substitute goods or services, subsequent or other commercial loss, or for any other reason of any kind, whether based on contract or tort (including,

without limitation, negligence or strict liability) even if Franchisor has been advised of the possibility of such damages.

8. Limitation of Liability. Except as required by law, Franchisor will not be liable to Franchisee for damages for breach of any express or implied warranty or condition, breach of contract, negligence, strict liability, or any other legal theory related to the Services. If, notwithstanding the foregoing, Franchisor is found to be liable to Franchisee for any damage or loss which arises under or in connection with the Services, Franchisor's total cumulative liability to Franchisee will in no event exceed the amount of Enhanced Services Fees actually paid by Franchisee for the Services for the six (6) months prior to the occurrence of the event(s) giving rise to Franchisor's liability.

9. Allocation of Liability. Franchisor and Franchisee acknowledge that the disclaimer of warranties, disclaimer of consequential damages, and limitations of liability set forth in this Addendum and in the other provisions of the Franchise Agreement and the allocation of risk herein are an essential element of the bargain between the parties, without which Franchisor would not have entered into this Addendum. Franchisor's pricing reflects this allocation of risk and these limitations.

10. Confidential Information. Franchisee acknowledges that in connection with the provision of the Services, Franchisee may obtain Confidential Information and Trade Secrets of Franchisor. Accordingly, Franchisee acknowledges and agrees that the terms and conditions set forth in the Franchise Agreement relating to Confidential Information and Trade Secrets apply to Franchisee's provision of the Services.

11. Coterminous with Franchise Agreement: No Automatic Renewal. The terms and conditions of this Addendum will continue so long as the Franchise Agreement is in full force and effect. Accordingly, the terms and conditions of this Addendum will be terminated if the Franchise Agreement is terminated or expires. Renewal of the terms and conditions of this Addendum are not automatic upon the execution of a Successor Franchise Agreement by Franchisor and Franchisee. Accordingly, Franchisor and Franchisee may only renew the terms and conditions of this Addendum by entering into a new Addendum to the Successor Franchise Agreement; provided, however, Franchisor reserves the right to revise the terms and conditions relating to the provisions of Services, including the consideration paid by Franchisee for the Services, in connection with such renewal.

12. Exclusivity. So long as the terms and conditions of this Addendum are in full force and effect, Franchisee agrees that Franchisor (through an Affiliate of Franchisor or a third-party designee of Franchisor) will be the exclusive provider of Enhanced Services for the Franchised Business.

13. Assignment. Franchisee cannot assign this Addendum without obtaining Franchisor's prior written consent.

14. Severability. If any provision of this Addendum is found to be unenforceable or contrary to law, it will be modified to the least extent necessary to make it enforceable, and the remaining provisions of this Addendum will remain in full force and effect.

15. Addendum Binding. This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

16. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. Where the terms of this Addendum and the Franchise Agreement conflict, the terms of the Addendum will prevail.

17. Counterparts. This Addendum may be executed in two counterparts, each of which shall be an original, but taken together shall be deemed one and the same instrument.

[Signature Page to Follow]

IN WITNESS, WHEREOF, the parties have executed this Addendum on the date first written above.

FRANCHISOR:

SAFESPLASH BRANDS, LLC
d/b/a STREAMLINE BRANDS

By: ____

Name: ______________________________________

Title: _______________________________________

FRANCHISEE:

____

a(n) ____

By: ____

Name: ______________________________________

Title: _______________________________________

ATTACHMENT J
TO FRANCHISE AGREEMENT

ACKNOWLEDGMENT

Franchisee, and its shareholders, members or partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date, as defined below.

ACCEPTED on the Effective Date.

FRANCHISOR:
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

____

By: ____

Its ____

Date: ______________________________________
(which shall be the "**Effective Date**" referenced above)

FRANCHISEE:
NAME:

____

By: ____

Its ____

______________________________ an Individual	______________________________ an Individual
Printed Name: ____________________	Printed Name: ____________________
Date: __________________________	Date: __________________________

EXHIBIT C

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

AREA DEVELOPMENT AGREEMENT

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

Area Developer: ______________________

Date: _______________________________

Territory:____________________________

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AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT is made effective as of the Effective Date (as defined below) between SafeSplash Brands, LLC d/b/a Streamline Brands, a Colorado limited liability company, located at 12240 Lioness Way, Parker, Colorado 80134 ("**Franchisor**") and ____, located at ____ ("**Area Developer**").

RECITALS

WHEREAS, Franchisor holds the exclusive franchise rights to a proprietary system which has been developed through significant expenditures of time, skill, effort and money ("**System**") relating to the establishment, development and operation of the operation of a business offering "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities, and the sale of related products ("**SafeSplash Business**" or "**SwimLabs Business**" (in a Dual Brand Location) or "**Swimtastic Business**," which are collectively referred to herein as a "**Franchised Business**").

WHEREAS, the System features use of the Marks (defined below), as well as uniform standards, specifications, methods, policies and procedures for SafeSplash Business, SwimLabs Business (in a Dual Brand Location), and Swimtastic Business operations, training and assistance, and advertising and promotional programs (all as further defined in the Operations Manual), all of which may be changed, improved upon, and further developed occasionally by Franchisor.

WHEREAS, Franchisor, through its dedicated operations and marketing methods, has developed the reputation, public image and goodwill of its System and established a firm foundation for its franchised operations consisting of the highest standards of training, management, supervision, appearance, and quality of services.

WHEREAS, the System is identified by means of certain trademarks, including the trademark "**SAFESPLASH SWIM SCHOOL®**" and "**SWIMLABS®**" and "**SWIMTASTIC®**" and any other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System ("**Marks**").

WHEREAS, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System's high standards of quality and service.

WHEREAS, Area Developer desires to obtain the exclusive right to develop, construct, manage and operate a series of Franchised Businesses under the development schedule described in **Attachment B** attached hereto ("**Development Schedule**") and within the territory described in **Attachment A** attached hereto ("**Development Territory**"), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

WHEREAS, the Area Developer hereby acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document ("**Disclosure Document**"), and that it has no knowledge of any representations about the Franchised Business or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all Franchised Businesses which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks.

WHEREAS, Area Developer understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating the Franchised Businesses in strict conformity with Franchisor's quality control standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 Franchisor hereby grants to Area Developer the right and license to develop, construct, operate and manage ____________________ (___) Franchised Businesses in strict accordance with the System and under the Marks within the Development Territory described in **Attachment A**. Each Franchised Business shall be operated according to the terms of the individual franchise agreement ("**Franchise Agreement**") with respect thereto.

1.2 If the Area Developer is developing Franchised Businesses, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each Franchised Business, then Franchisor will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any SafeSplash Businesses or Swimtastic Businesses in the Development Territory during the term hereof; however, Franchisor reserves the right to sell products and services under the Marks or any other marks, through any other retail location or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. Franchisor also reserves the right to (a) establish, operate or license to any other person or entity the right to establish or operate a SafeSplash Business, SwimLabs Business (in a Dual Brand Location), or Swimtastic Business that is owned or licensed by Franchisor at any location outside the Development Territory; (b) develop, lease and license the use of, at any location inside or outside of the Development Territory, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which Franchisor deems advisable; (c) merge with, or be acquired by any other business, including a business that competes with SafeSplash Businesses or SwimLabs Businesses (in a Dual Brand Location) or Swimtastic Businesses operated by Area Developer, or to acquire and convert to the System operated by Franchisor any businesses offering "learn to swim" lessons and the sale of related products located inside or outside of the Development Territory or otherwise operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this

Agreement, the Area Developer will no longer have an exclusive Development Territory and each Franchised Business will be limited to operating solely at the franchised location ("**Franchised Location**") described in the individual Franchise Agreement. Area Developer understands, acknowledges and agrees that as a Franchisee, Area Developer will not receive any exclusive or protected territorial rights other than the territory granted with each Franchised Business at each Franchised Location.

1.3 This Agreement is not a franchise agreement and Area Developer shall have no right to use in any manner the Marks or System by virtue hereof. Each Franchised Business will be governed by the individual Franchise Agreement signed by Franchisor and Area Developer for each Franchised Business.

1.4 The Area Developer must contribute some amount of its personal capital to the development of each Franchised Business and must own at least a 51% equity interest in each Franchised Business developed hereunder. In addition, Area Developer shall ensure that a person having at least a 10% beneficial equity interest in the Franchisee ("**Designated Business Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing each Franchised Business and that the person is at all times identified to Franchisor. Area Developer shall identify all equity owners of Area Developer by completing the Statement of Shareholders/Members/Partners attached to this Agreement as **Attachment D**. Area Developer shall provide Franchisor with an updated form of **Attachment D** within 10 business days of any change in the equity ownership of Area Developer. The failure of Area Developer to provide Franchisor with an updated **Attachment D** within the time frame specified in this Section 1.4 shall constitute a material default of this Agreement.

2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of (a) ten (10) years from the Effective Date, or (b) completion of the term of the Development Schedule. Franchisor, in its sole discretion, may permit Area Developer to renew this Agreement for an additional term; provided that, without limiting the foregoing, the Area Developer has not defaulted in its obligations under this Agreement or any other agreement with Franchisor or any affiliate of Franchisor, and the parties agree in writing to a new Development Schedule.

3. FRANCHISE AGREEMENT, INITIAL FRANCHISE FEE AND INITIAL TRAINING

3.1 With respect to each Franchised Business to be developed under this Agreement:

(a) As soon as Area Developer locates a site within the Development Territory that it believes is suitable for a Franchised Business in accordance with Franchisor's site selection criteria, Area Developer shall submit to Franchisor the information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require periodically in Franchisor's operations manual ("**Operations Manual**"). If Area Developer proposes that another entity will own and operate the Franchised Business, Area

Developer must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its sole discretion, and Area Developer agrees to provide the information immediately upon request.

(b) Should Franchisor grant preliminary authorization to proceed with the site location per Section 3.1(a) above, it will give its written authorization to the Area Developer to proceed with architectural drawings and final site plans containing the information as Franchisor requires. The preliminary authorization for the site location shall not constitute final authorization of the site for the Franchised Business, or of the entity proposed as franchisee. Upon receipt of the site location authorization, Area Developer should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

(c) Should Franchisor provide final site authorization and approve of the proposed franchisee entity for a Franchised Business, Franchisor and Area Developer (or its affiliate) shall promptly enter into an individual Franchise Agreement for this Franchised Business before the date Area Developer begins construction on the Franchised Location, which agreement shall be in the form of Franchisor's then-current form of Franchise Agreement. The terms of the individual Franchise Agreement will then govern the further development and build-out of the Franchised Business.

3.2 Area Developer shall pay to Franchisor an Initial Franchise Fee for each Franchised Business to be developed hereunder. The initial franchise fee ("**Initial Franchise Fee**") will be as follows:

(a) Dual Brand Facility – Regardless as to the number of Franchised Businesses which Area Developer commits to develop that will be operated in a Dual Brand Facility, the Initial Franchise Fee for the first Franchised Business is Sixty Thousand Dollars ($60,000). If Area Developer commits to opening three (3) locations, the Initial Franchise Fee for the second and third Franchised Business is Fifty-Five Thousand Dollars ($55,000) per Franchised Business. If Area Developer commits to opening five (5) or more locations, the Initial Franchise Fee for each subsequent Franchised Business is Fifty Thousand Dollars ($50,000). The Initial Franchise Fee for the first Franchised Business to be developed under the Area Development Agreement plus fifty percent (50%) of the sum of the Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under this Agreement are due when Area Developer signs this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Franchised Businesses it is obligated to open in the Development Territory.

(b) Dedicated Facility - Regardless as to the number of Franchised Businesses which Area Developer commits to develop that will be operated in a Dedicated Facility, the Initial Franchise Fee for the first Franchised Business is Fifty Thousand Dollars ($50,000). If Area Developer commits to opening three (3) locations, the Initial Franchise Fee for the second and third Franchised Business is Forty-Five Thousand Dollars ($45,000) per Franchised Business. If Area Developer commits to opening five (5) or more locations, the Initial Franchise Fee for each subsequent Franchised Business is Forty Thousand Dollars ($40,000). The Initial Franchise Fee for the first Franchised Business to be developed under the Area Development Agreement plus fifty percent (50%) of the sum of the Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under this Agreement are due when Area Developer signs this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Franchised Businesses it is obligated to open in the Development Territory.

(c) Hosted Facility - Regardless as to the number of Franchised Businesses which Area Developer commits to develop that will be operated in a Hosted Facility, the Initial Franchise Fee for the first Franchised Business is Thirty-Five Thousand Dollars ($35,000). If Area Developer commits to opening three (3) locations, the Initial Franchise Fee for the second and third Franchised Business is Thirty Thousand Dollars ($30,000) per Franchised Business. If Area Developer commits to opening five (5) or more locations, the Initial Franchise Fee for each subsequent Franchised Business is Twenty-Five Thousand Dollars ($25,000). The Initial Franchise Fee for the first Franchised Business to be developed under this Agreement plus fifty percent (50%) of the sum of the Initial Franchise Fees for all of the subsequent Franchised Businesses to be developed under this Agreement are due when Area Developer signs this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether Area Developer opens any of the Franchised Businesses it is obligated to open in the Development Territory.

3.3 Franchisor shall provide the Area Developer with Franchisor's then-current training program and on-site opening assistance for each Franchised Business to be developed hereunder.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Area Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with Franchisor for each Franchised Business for which a development right is granted. The Franchise Agreement to be executed for the first Franchised Business to be developed by Area Developer under this Agreement shall be executed and delivered, and the Initial Franchise Fee for the first Franchised Business, plus fifty percent (50%) of the sum of the Initial Franchise Fees for all of the subsequent Franchised Businesses, shall be paid to Franchisor concurrently with the execution and delivery of this Agreement. All subsequent Franchised Businesses developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Franchisor for a Franchised Business. Area Developer acknowledges that the then-current form of Franchise Agreement may differ from the form attached, and may include different economic terms, including, but not limited to, higher Service Fees and advertising contributions.

4.2 Development Schedule.

(a) Acknowledging that time is of the essence, Area Developer agrees to exercise its development rights according to Section 3.1 and according to the Development Schedule set forth on **Attachment B**, which schedule designates the number of Franchised

Businesses in the Development Territory to be established and in operation by Area Developer upon the expiration of each of the designated development periods (“**Development Periods**”).

(b) During any Development Period, Area Developer may, with Franchisor’s prior written consent, develop more than the number of Franchised Businesses that Area Developer is required to develop during that Development Period. Any Franchised Businesses developed during a Development Period in excess of the minimum number of Franchised Businesses required to be developed upon expiration of that Development Period shall be applied to satisfy Area Developer’s development obligation during the next succeeding Development Period. Area Developer shall not open more than the cumulative total number of Franchised Businesses Area Developer is obligated to develop under this Agreement, as set forth above in the Development Schedule; provided, however, that Area Developer may be permitted to open Franchised Businesses in excess of the number permitted by the Development Schedule if, in Franchisor’s sole discretion, Franchisor determines that the Development Territory can support additional Franchised Businesses and Area Developer receives Franchisor’s advanced written permission to develop more Franchised Businesses. Area Developer shall pay Franchisor the then-current Initial Franchise Fee applicable at the time Area Developer signs a Franchise Agreement for any additional Franchised Businesses.

(c) If during the term of this Agreement, Area Developer ceases to operate any Franchised Business developed under this Agreement for any reason, Area Developer shall develop a replacement Franchised Business to fulfill Area Developer’s obligation to have open and in operation the required number of Franchised Businesses upon the expiration of each Development Period. The replacement Franchised Business shall be developed within a reasonable time not to exceed twelve months to be agreed upon by the parties after Area Developer ceases to operate the Franchised Business to be replaced. If during the term of this Agreement, Area Developer, in accordance with the terms of any Franchise Agreement for a Franchised Business developed under this Agreement, transfers its interest in such Franchised Business, the transferred Franchised Business shall continue to be counted in determining whether Area Developer has complied with the Development Schedule so long as it continues to be operated as a Franchised Business. If the transferred Franchised Business ceases to be operated as a Franchised Business during the term of this Agreement, Area Developer shall develop a replacement Franchised Business within a reasonable time, not to exceed twelve months, after the transferred Franchised Business ceases to be operated as a Franchised Business. In either case, the reasonable time period shall apply to the development of the replacement Franchised Business only and, in Franchisor’s sole discretion, extend the term of the applicable Development Period to the end of the mutually agreed upon time period; provided that in no event shall such time period exceed twelve months.

(d) Opening Schedule.

(i) Area Developer shall open each Franchised Business and shall commence business in accordance with the Development Schedule set forth on **Attachment B**, unless, subject to Franchisor’s approval, Area Developer obtains an extension of the Development Period from Franchisor to complete construction and commence operation of a particular Franchised Business. Each extension shall be for an additional 30-day period commencing upon the expiration of the applicable Development Period, including any previous extensions thereof ("**Extension Date**"). No more than two extensions of any Development Period will be permitted. If an extension of a Development Period is granted by Franchisor, the Opening Date for the Franchised Business (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any Development Period shall affect the duration of any other Development Period or any of Area Developer's other development obligations. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date, and thereafter Area Developer shall have no further rights under this Agreement except as provided in Section 2. The provisions of this Section 3.2(d)(i) do not apply to the development of a replacement Franchised Business under Section 3.2(c). Each extension may be conditioned upon payment of an extension fee ("**Extension Fee**") as set forth in the Operations Manual.

(ii) Area Developer shall notify Franchisor in writing at least 30 days prior to the Required Opening Date (defined below) for a Franchised Business if Area Developer will be unable to complete construction and commence operation of the Franchised Business by the expiration date of the Development Period in which such Franchised Business was to have been opened. In such notice, Area Developer shall request that the Franchisor consider its request for an extension and shall include a description of the reasons for its failure to develop the Franchised Business in a timely manner and the expected date of completion of construction and opening, if the extension were to be granted, along with payment of the Extension Fee if required.

(e) Failure by Area Developer to adhere to the Development Schedule (including any extensions approved by Franchisor) or to adhere to any time period for the development of replacement Franchised Businesses as set forth in Section 3.2(c) shall constitute a material event of default under this Agreement.

4.3 Area Developer acknowledges that the required opening dates ("**Required Opening Dates**") for each Franchised Business set forth on **Attachment B** are reasonable and consistent with the requirements of the Development Schedule. Area Developer shall execute a Franchise Agreement for each Franchised Business at or prior to the applicable execution deadline ("**Execution Deadline**") set forth on **Attachment B**. Area Developer and Franchisor agree that, except with respect to the Franchise Agreements executed concurrently herewith, the Execution Deadline shall be a date no later than nine (9) months prior to the Required Opening Date for each subsequent Franchised Business to be developed.

5. LOCATION OF FRANCHISED BUSINESSES

The location of each Franchised Business shall be selected by the Area Developer in accordance with the terms set forth in each Franchise Agreement signed by Area Developer, within the Development Territory, subject to Franchisor's prior authorization as set forth in Section 3 hereof. The establishment of any proposed site by Area Developer before approval of Franchisor shall be the sole risk and responsibility of Area Developer and shall not obligate Franchisor in any way to authorize the same. The authorization of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of the site for location of a Franchised Business.

6. FRANCHISE AGREEMENT

Area Developer shall not commence construction on, or open any Franchised Business until, among other things, the entire Initial Franchise Fee for said Franchised Business has been paid in full and the individual Franchise Agreement for said Franchised Business has been signed by both the Area Developer and Franchisor.

7. DEFAULT AND TERMINATION

Area Developer shall be in default under this Agreement should Area Developer (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer contained herein.

Upon the default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following:

7.1 terminate this Agreement;

7.2 terminate the territorial exclusivity granted to Area Developer;

7.3 reduce the size of the Area Developer's Development Territory or the number of Franchised Businesses Area Developer may develop in the Development Territory; or

7.4 accelerate the Development Schedule on immediate written notice.

In addition, if any individual Franchise Agreement issued to Area Developer or an approved affiliate of Area Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this Agreement on immediate written notice to Area Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Franchised Businesses within the Development Territory. For purposes of this Section 7, any Franchise Agreement issued by Franchisor to Area Developer or its approved affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Area Developer or any stockholder, partner or joint venturer of Area Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Area Developer.

8. ASSIGNMENT

8.1 Franchisor shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Area Developer.

8.2 By Area Developer.

(a) Area Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Area Developer and are granted in reliance upon the personal qualifications of Area Developer or Area Developer's principals. Area Developer has represented to Franchisor that Area Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither Area Developer nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Area Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

(c) Any assignment, transfer or other disposition by the Area Developer of a Franchised Business within the Development Territory will be governed by the Franchise Agreement to which the Franchised Business is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if Area Developer wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, the Area Developer shall notify Franchisor, which may approve or disapprove the same in its sole discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

(i) All of the Area Developer's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

(ii) The Area Developer must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between the Area Developer and Franchisor, its subsidiaries or affiliates;

(iii) The Area Developer and each of its affiliates, shareholders, members, partners, officers and directors must sign a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Area Developer's obligations under the relevant Franchise Agreements and, if deemed necessary by Franchisor, the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Franchisor;

(v) The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to open and operate the Franchised Businesses (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Area Developers, and has sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to open and operate the Franchised Businesses required under the terms of this Area Development Agreement;

(vi) At Franchisor's option, the transferee must sign (and, upon Franchisor's request, shall cause all interested parties to sign), for a term ending on the expiration date of the Franchise Agreement(s) and with the renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement and Area Development Agreement then being offered to new Area Developers and any other ancillary agreements as Franchisor may require for the Franchised Businesses, which agreements shall supersede the Franchise Agreements and the Area Development Agreement between the Area Developer and Franchisor in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and Area Development Agreement, including, without limitation, the implementation of other fees and different Service Fees;

(vii) The Area Developer and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Businesses before the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Personal Guaranty, attached into this Agreement as **Attachment C**, and shall sign any and all instruments reasonably requested by Franchisor to further evidence this liability; and

(viii) Area Developer or its approved transferee shall pay to Franchisor, at the time of said transfer, a transfer fee ("**Development Transfer Fee**") equal to Twenty Five Hundred Dollars ($2,500.00) for each unopened Franchised Business to be transferred, and thirty percent (30%) of the then current Initial Franchise Fee, or such other amount as required by the terms of each individual Franchise Agreement, for each Franchised Business which is open and operating at the time Area Developer notifies Franchisor of its intent to transfer or assign this Agreement (which transfer or assignment shall be in compliance with the terms of each open

Franchised Business's individual Franchise Agreement), to cover Franchisor's administrative and other expenses in connection with the transfer of the Franchised Businesses by the Area Developer.

(e) If Area Developer or its principals shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in Area Developer, and Area Developer or its principals shall obtain a bona fide, signed written offer from a responsible and fully disclosed purchaser, Area Developer shall notify Franchisor in writing of each offer, and Franchisor shall have the right and option, exercisable within a period of 30 days from the date of delivery of this offer, by written notice to Area Developer or its owners, to purchase the rights under this Agreement or this ownership interest for the price and on the terms and conditions contained in said purchaser's offer. If Franchisor does not exercise its right of first refusal, Area Developer or its principals may complete the sale of Area Developer or this ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section 8.2, provided that if this sale is not completed within 120 days after delivery of this offer to Franchisor, Franchisor shall again have the right of first refusal herein provided. In the event that the Area Developer wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Area Developer, said public offering shall be subject to the approval of Franchisor, this approval to not be unreasonably withheld.

8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Area Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, inter alia, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Franchisor before execution. Area Developer's failure to comply with this Section 8.3 shall constitute a material default of this Agreement.

9. FORCE MAJEURE

In the event that Area Developer is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Franchisor.

10. CONFIDENTIALITY

10.1 Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Area Developer any trade secrets, techniques, methods or processes except the material contained in Franchisor's Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Area Developer acknowledges that its knowledge of Franchisor's know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to it by Franchisor and that the information is proprietary, confidential and a trade secret of Franchisor. Area Developer agrees to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the term of this Agreement. Area Developer shall divulge the material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Franchised Businesses. It is expressly agreed that the ownership of all the items and property is and shall remain vested solely in Franchisor.

10.2 Area Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Area Developer may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor shall be free to make the disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

11. NONCOMPETITION

11.1 Area Developer has heretofore specifically acknowledged that, pursuant to this Agreement, Area Developer will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Area Developer covenants that during the term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Franchisor, Area Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

(a) Divert or attempt to divert any business or customer of the Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or the System;or

(b) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business offering "learn to swim" lessons and the sale of related products ("**Competitive Business**").

11.2 Area Developer covenants and agrees that that, except as otherwise approved in writing by Franchisor, Area Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any Competitive Business in: (1) the Development Territory or any other franchisee's or licensee's territory; (2) within 25 miles of the Development Territory or any other franchisee's or licensee's territory; or (3) within 25 miles of any Franchisor or Affiliate-owned Franchised Business.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by Area Developer of less than a 10% beneficial interest in the outstanding equity securities of any publicly-held corporation provided that Area Developer has no management responsibility or advisory responsibility with such publicly-traded company.

11.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Area Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 Area Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Agreement, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 Area Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11. Area Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11 provided Franchisor prevails in any or all of its claims against Area Developer.

11.7 Area Developer acknowledges that Area Developer's violation of the terms of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Area Developer in violation of the terms of this Section 11.

11.8 At Franchisor's request, Area Developer shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with Area Developer) from all owners of Area Developer. Failure by Area Developer to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

12. ENTIRE AGREEMENT

This Agreement, along with the Franchise Disclosure Document, constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. Nothing in the Area Development Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Area Developer any rights to grant sub-franchises in the Development Territory.

13. QUARTERLY REPORTS

Area Developer agrees that it shall provide to Franchisor a quarterly report of its activities and progress in developing and establishing Franchised Businesses as provided herein. The quarterly reports shall be submitted no later than the 5th day following the end of the preceding quarter during the term of this Agreement.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is acknowledged and agreed that Area Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Area Developer as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Area Developer shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Area Developer acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having this authority.

14.2 Area Developer agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Area Developer's carrying out its obligations hereunder.

15. COMPLIANCE WITH APPLICABLE LAWS

Area Developer shall develop all Franchised Businesses in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, including all child care laws, child safety laws, and laws related to the operation of amusement parks and facilities, ordinances and regulations (where applicable) and agrees to promptly pay all financial obligations incurred in connection therewith.

16. CHANGE IN DEVELOPMENT TERRITORY

The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Area Developer's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Area Developer understands that, if there is an increased public demand for the products and services offered by Franchisor for any reason, Franchisor will expect the Area Developer to establish additional Franchised Businesses within the Development Territory. While Franchisor will not require the Area Developer to establish the additional Franchised Businesses, Franchisor will strongly encourage Area Developer to do so. Any additional Franchised Business shall be governed by Franchisor's then-current form of individual Franchise Agreement.

17. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

18. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The parties expressly consent to personal jurisdiction in the State of Colorado and agree that, except as set forth in Section 21, the state and federal court(s) located in Denver, Colorado will have exclusive jurisdiction for the purposes of carrying out this provision.

19. RECEIPT OF DOCUMENTS

Area Developer acknowledges receipt of the Disclosure Document, Area Development Agreement, Franchise Agreement, and other contracts for the Franchised Business at least 14 days before execution hereof or payment of any monies.

20. NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Area Developer shall be conclusively deemed to have been received by Area Developer upon the delivery or attempted delivery of this notice to Area Developer's address listed herein, or the changed address.

To Franchisor:

SafeSplash Brands, LLC d/b/a Streamline Brands
12240 Lioness Way,
Parker, Colorado 80134
Attention: Chief Operating Officer
Phone: (720) 735-9511
Email: franchise@streamlinebrands.com

To Area Developer:

____
____
____
Attention: ____________________
Phone: (____) __

Email: _____________

21. DISPUTE RESOLUTION

21.1 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor will provide a procedure for internal dispute resolution as set forth in the Operations Manual, and the parties acknowledge and agree that this procedure may be revised periodically in Franchisor's discretion.

21.2 To protect from violations that would cause immediate loss and damages or irreparable harm, Franchisor and Area Developer shall each have the right to seek from a state or federal court located in Denver, Colorado, as more fully set forth in Section 21.1:

(a) injunctive relief and any related incidental damages;

(b) an action for disputes or claims related to or based on the Marks;

(c) enforcement of a covenant not to compete; and

(d) issues related to the disclosure of or misuse of confidential information or trade secrets.

21.1 **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ANY CONTROVERSY OR DISPUTE ARISING OUT OF, OR RELATING TO THE FRANCHISE OR THIS AGREEMENT INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY AREA DEVELOPER OR ANY PERSON IN PRIVITY WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF AREA DEVELOPER, CONCERNING THE ENTRY INTO, PERFORMANCE UNDER, OR TERMINATION OF, THIS AGREEMENT OR ANY OTHER AGREEMENT ENTERED INTO BY FRANCHISOR, OR ITS SUBSIDIARIES OR AFFILIATES, AND AREA DEVELOPER; ANY CLAIM AGAINST A PAST OR PRESENT EMPLOYEE, OFFICER, DIRECTOR, MEMBER, SHAREHOLDER OR AGENT OF FRANCHISOR; ANY CLAIM OF BREACH OF THIS AGREEMENT; AND ANY CLAIMS ARISING UNDER STATE OR FEDERAL LAWS, SHALL BE SUBMITTED TO FINAL AND BINDING ARBITRATION AS THE SOLE AND EXCLUSIVE REMEDY FOR ANY SUCH CONTROVERSY OR DISPUTE. "PERSONS IN PRIVITY" WITH OR CLAIMING THROUGH, ON BEHALF OF OR IN THE RIGHT OF AREA DEVELOPER INCLUDE BUT ARE NOT LIMITED TO, SPOUSES AND OTHER FAMILY MEMBERS, DOMESTIC PARTNERS, HEIRS, EXECUTORS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS. SUBJECT TO THIS SECTION, THE RIGHT AND DUTY OF THE PARTIES TO THIS AGREEMENT TO RESOLVE ANY DISPUTES BY ARBITRATION SHALL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT, AS AMENDED, AND ARBITRATION SHALL TAKE PLACE ACCORDING TO THE COMMERCIAL ARBITRATION RULES (IN EFFECT AS OF THE DATE THE DEMAND FOR ARBITRATION IS FILED) OF, AND UNDER THE AUSPICES OF, THE AMERICAN ARBITRATION ASSOCIATION. THE ARBITRATION, WHICH SHALL BE HELD BEFORE A SINGLE ARBITRATOR, SHALL BE HELD IN THE DENVER, COLORADO**

OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION, OR AT SUCH OTHER LOCATION AS SHALL BE MUTUALLY AGREED UPON BY THE PARTIES IN WRITING. FRANCHISOR AND FRANCHISEE FURTHER WAIVE EACH OF THEIR RIGHTS TO A JURY TRIAL FOR ANY MATTER THAT IS TRIED BEFORE A COURT OF LAW.

21.2 A single arbitrator shall be selected by the parties from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking method. Subject to the provisions contained in Section 21.5, the parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such court and to the propriety of venue of such court for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

21.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law.

21.4 Parties to arbitration under this agreement shall not include, by consolidation, joinder or in any other manner, any person other than Area Developer and any Person in Privity with or claiming through, in the right of or on behalf of Area Developer or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Area Developer or any Person in Privity with or claiming through, in the right of or on behalf of Area Developer or Franchisor.

21.5 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Area Developer and no other franchisees or area developers. Area Developer agrees not to join or attempt to join other franchisees, area developers, or other third-parties in any arbitration proceeding and to refrain from participating in any "class action" litigation or arbitration proposed or asserted by one or more other franchisees.

21.6 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

22. MODIFICATION BY FRANCHISOR

Franchisor may modify and update its Operations Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the Franchised Businesses, and Area Developer shall exclusively incur the costs of any change in the Franchised Business or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manual, the System or the Marks is developed by Area Developer, then Area Developer agrees to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Franchisor an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

23. ACKNOWLEDGEMENTS

23.1 Area Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different area development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all area development agreements or franchise agreements are or will be identical.

23.2 Area Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

23.3 Area Developer represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Area Developer.

23.4 Area Developer acknowledges that it received from Franchisor this Agreement with all blanks filled in at least five business days before the execution of this Agreement.

23.5 Area Developer acknowledges and accepts the following:

THE SUCCESS OF THE AREA DEVELOPER IN MANAGING AND OPERATING MULTIPLE FRANCHISED BUSINESSES IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, AREA DEVELOPER'S INDEPENDENT BUSINESS ABILITY. AREA DEVELOPER HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED BUSINESSES RESTS SOLELY WITH AREA DEVELOPER. AREA DEVELOPER HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE

BEEN MADE BY FRANCHISOR TO INDUCE AREA DEVELOPER TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO AREA DEVELOPER AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER AREA DEVELOPER'S BUSINESS. AREA DEVELOPER ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

(Remainder of Page Intentionally Blank)

IN WITNESS, WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

SAFESPLASH BRANDS, LLC
d/b/a STREAMLINE BRANDS

By: ______________________________

Name: ______________________________

Title: ______________________________

AREA DEVELOPER:

____
a(n) ______________________________

By: ______________________________

Name: ______________________________

Title: ______________________________

AREA DEVELOPMENT AGREEMENT

ATTACHMENT A

DESCRIPTION OF DEVELOPMENT TERRITORY

ATTACHMENT A

DESCRIPTION OF THE DEVELOPMENT TERRITORY

AREA DEVELOPMENT AGREEMENT

ATTACHMENT B-1

DEVELOPMENT SCHEDULE

ATTACHMENT B-1

DEVELOPMENT SCHEDULE

Franchised Business	Location Brand	Location	Location Type	Execution Deadline	Required Opening Date
1					
2					
3					
4					
5					

AREA DEVELOPMENT AGREEMENT

ATTACHMENT B-2

PAYMENT SCHEDULE

ATTACHMENT B-2

PAYMENT SCHEDULE

AREA DEVELOPMENT AGREEMENT

ATTACHMENT C

GUARANTY AND ASSUMPTION OF AREA DEVELOPER'S OBLIGATIONS

ATTACHMENT C

GUARANTY AND ASSUMPTION OF AREA DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Area Development Agreement, and any revisions, modifications, addenda, and amendments thereto (hereinafter collectively the "**Agreement**") executed on the Effective Date by and between SafeSplash Brands, LLC d/b/a Streamline Brands ("**Franchisor**") and ______________________________ ("**Area Developer**"), each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Term, including all Interim Periods and Successor Terms thereof, that Area Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including but not limited to, the terms of Sections 10 and 11.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. Any right he or she may have to require that any action be brought against Area Developer or any other person as a condition of liability; and

5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

6. His or her direct and immediate liability under this guaranty shall be joint and several;

7. He or she shall render any payment or performance required under the Agreement upon demand if Area Developer fails or refuses punctually to do so;

8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Developer or any other person;

9. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to

Area Developer or to any other person, including without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term, including any extension(s) thereof; and

10. This Agreement shall be enforceable by and against his or her respective administrators, executors, successors and assigns, and his or her death shall not terminate his or her liability or limit his or her liability hereunder.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

GUARANTOR(S):

____

By: ____________________________

Date: ___________________________ (which shall be the "**Effective Date**" of this Agreement)

____

By: ____________________________

Date: ___________________________

AREA DEVELOPMENT AGREEMENT

ATTACHMENT D

STATEMENT OF SHAREHOLDERS/ MEMBERS/PARTNERS

ATTACHMENT D

STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

AREA DEVELOPER: ____

Trade Name (if different from above): ____________________________________

Form of Ownership (Check One)

____ **Individual** ____ **Partnership** ____ **Corporation** ____ **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

STATE OF FORMATION:_______________ **DATE OF FORMATION:**_______

NAME OF SHAREHOLDER	OWNERSHIP PERCENTAGE

Area Developer acknowledges that this Statement of Ownership applies to the Franchised Business authorized under the Area Development Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

AREA DEVELOPER:

____

By: _________________________________

Title: _______________________________

Date: _______________________________

EXHIBIT D

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

OPERATIONS MANUALS TABLE OF CONTENTS

(APPROXIMATELY 568 TOTAL PAGES)

STREAMLINE
BRANDS
SAFESPLASH | SAF-T-SWIM | SWIMLABS | SWIMTASTIC | MILLER

EXHIBIT E

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

LIST OF CURRENT FRANCHISEES, LICENSEES AND COMPANY-OWNED AND AFFILIATE-OWNED LOCATIONS

EXHIBIT E
SAFESPLASH BRANDS, LLC

LIST OF CURRENT FRANCHISEES AND LICENSEES

CURRENT SAFESPLASH / SWIMLABS DUAL BRAND FRANCHISEES AS OF ISSUANCE DATE

Alabama

Kristin Stitt (Area Developer)
Northern Alabama Swim Schools, LLC
1 Dedicated Dual Brand Location: Huntsville, AL
407 Holmes Ave NE, Huntsville, AL 35801
kstitt@safesplashswimlabs.com
(816) 678-6698

Connecticut

Mrutunjay Sabarad (Area Developer)
Hartford Swim Quest Inc
3 Dedicated Dual Brand Location: Hartford, CT (These units are not yet opened)
12 Baldwin Drive, Farmington, CT 06032
Mrutunjaybs@yahoo.com
(201) 920-9037

Georgia

Justin Hart
AquaLife Atlanta, LLC
1 Dedicated Dual Brand Location: Roswell, GA (This unit is not yet opened)
3061 Terramar Drive, Atlanta, GA 30341
jhart@safesplashswimlabs.com
(404) 867-3766

Iowa

Jessica Koenig
Koenig Aquatics
1 Dedicated Dual Brand Location: Waukee, IA
3918 Fieldstone Blvd, Cedar Falls, IA 50613
jkoenig@safesplashswimlabs.com
(319) 830-0943

Idaho

Dawn Deren
Gold Star Swim, LLC
1 Dedicated Dual Brand Location: Coeur d'Alene, ID
11146 Rocking R Road, Hayden, ID 83835
dderen@safesplashswimlabs.com
(208) 659-1380

Kentucky

Amy Albiero (Area Developer)
Albiero Swimming Institute, LLC
1 Dedicated Dual Branded Location: Louisville, KY
13415 Kristen Leigh Court, Louisville, KY 40299
aalbiero@safesplashswimlabs.com
(502) 802-1990

Maryland

Michael Lilintahl
Lilintahl, LLC
1 Dedicated Dual Brand Location: Bethesda, MD (This unit is not yet opened)
1 Satellite Location: Bethesda, MD
5215 Brookeway Drive Bethesda, MD 20816
mlilintahl@safesplash.com
(443) 799-1930

North Carolina

Arvind Mahajan
Swim School Kingdom, Inc.
1 Dedicated Dual Brand Location: Morrisville, NC
107 Upchurch Farm Lane, Cary, NC 27519
amahajan@safesplashswimlabs.com
(571) 241-6285

Basant V. Maheshwary
Vinca Ventures, Inc.
1 Dedicated Dual Brand Location: Charlotte, NC (This unit is not yet opened)
9931 Hazelview Drive, Charlotte, NC 28277
(704) 778-0567

Ohio

Brad Hansen
Aquatic Locomotion, LLC
1 Dedicated Dual Brand Location: Columbus OH
11251 Cedar Crest Drive Plain City, OH 43064
bhansen@safesplashswimlabs.com
(614) 376-7841

Chris Peters
CP Swim, LLC
1 Dedicated Dual Brand Location: Toledo, OH
5935 Lynwood Court, Whitehouse, OH 43571
chris.peters@safesplashswimlabs.com
(419) 764-2797

Oklahoma

Dan Real
Tadpole Swim School Corp
1 Dedicated Dual Brand Location: Tulsa, OK
7820 101st Street, Suite A, Tulsa, OK 74133
dreal@safesplashswimlabs.com
(303) 918-4919

South Carolina

Leila O'Brien
KBSQUARED, Inc
1 Dedicated Dual Brand Location: Fort Mill, SC
217 Ridge Reserve Drive, Clover, SC 29710
lobrien@safesplashswimlabs.com
(704) 619-9584

Davis Tarwater (Area Developer)
Southeastern Swim School, LLC
1 Dedicated Dual Brand Location: Simpsonville, SC (This unit is not yet open)
112 S Gay St Unit #306, Nashville, TN 37201
dtarwater@safesplashswimlabs.com
(734) 904-0775

<u>Tennessee</u>

Davis Tarwater (Area Developer)
Southeastern Swim School, LLC
2 Dedicated Dual Brand Locations: Knoxville & Nashville, TN
112 S Gay St Unit #306, Nashville, TN 37201
dtarwater@safesplashswimlabs.com
(734) 904-0775

<u>Texas</u>

Samir Bansikar (Area Developer)
SRIJI BIZ Inc
1 Dedicated Dual Branded Location: Humble, TX
14011 Hailey Springs Lane, Humble, TX 77396
sbansikar@safesplashswimlabs.com
(713) 614-3627

Cammile Adams
Catch Swim Schools, LLC
1 Dedicated Dual Brand Location: Katy, TX
1 Satellite Location: Katy, TX
910 W Cottage, Houston, TX 77009
cadams@safesplash.com
(214) 912-1904

Mike Scrivner
DFW Swim Corp
1 Dedicated Dual Brand Location: Flower Mound, TX
187 Chaucer Ct, Coppell, TX 75019
mike@safesplash.com
214-725-9207

<u>Washington</u>

Ginny Sandhu (Area Developer)
RAMKO LEARN AND PLAY, INC
1 Dedicated Dual Brand Location: Bellevue, WA (This unit is not yet opened)
23205 SE 31st Street, Sammamish, WA 98075
gsandhu@safesplashswimlabs.com
301-431-5909

CURRENT SWIMTASTIC / SWIMLABS DUAL BRAND FRANCHISEES AS OF ISSUANCE DATE

Wisconsin

Kathryn A Brothen
Learn to Swim, LLC
1 Dedicated Dual Brand Location: Kenosha, WI
4808 101st Street, Pleasant Prairie, Wisconsin 53158
kbrothen@swimtasticswimlabs.com
(262) 358-1382

Alabama

Kristin Stitt (Area Developer)
Northern Alabama Swim Schools, LLC
2 Dedicated Dual Brand Location: Huntsville, AL (These units are not yet opened)
407 Holmes Ave NE, Huntsville, AL 35801
kstitt@safesplashswimlabs.com
(816) 678-6698

California

Usman Rao
Sorrento SS, LLC
1 Dedicated Location: Elk Grove, CA
3728 Aviano Way, Dublin, CA 94568
usman.rao@safesplash.com
(480) 595-5387

Misha and Jordan Lindsey
1 Dedicated Location: Sacramento, CA (This unit is not yet opened)
1250 Norfolk Way, Sacramento, CA 95831
mishalindsey@gmail.com
(530) 867-0600

Colorado

Jaime Zilverberg
Colorado Swimmer, LLC
1 Dedicated Location: Castle Rock, CO
1 Satellite Location: Castle Rock, CO
873 Millbrook Circle, Castle Rock, CO 80109
jaime@safesplash.com
(303) 717-0442

Jessica Jaramillo
J.K Enterprises, Ltd
1 Dedicated Location: Commerce City (This unit is not yet opened)
10711 Truckee Circle Commerce City, CO 80022
jjaramillo@safesplash.com
(860) 377-5527

Tracey Ray
SwimRay, Inc., LLC
1 Dedicated Location: Colorado Springs, CO
7038 Forest Ridge Circle, Castle Pines, CO 80108
tray@safesplash.com
(720) 530-6000

Joshua Pearlman
White Cap, LLC
1 Dedicated Location: Arvada, CO
31999 Mission Lane, Evergreen, CO 80439
jpearlman@safesplash.com
(303) 656-6575

Maryland
Ravi Atluri and Nageshwar Puliand
2 Dedicated Locations: Gambrills & Ellicott City, MD (These units are not yet open)
2537 Vineyard Springs Way Ellicott City, MD 21043
raviteja.atluri@gmail.com
(323) 679-3037

Missouri

Chris Wright
Little Fishes, LLC
1 Dedicated Location: Kansas City, MO (This unit is not yet open)
3108 NE 57^{th} Terrace Kansas City, MO 64119
chriswright@yahoo.com
(816) 560 -3810

New Jersey

Jay Hickman (Area Developer)
Aquatic Projects, LLC
1 Dedicated Location: Cedar Grove, NJ
666 Main Road #2, Towaco, NJ 07082
jhickman@safesplash.com
(617) 816 0497

Premal Dhebariya
Splash with Friends, LLC
4 Dedicated Locations: Trenton, Somerset, Woodbridge Township, & Marlboro, NJ (These units are not yet open)
2 Windhaven Ct Monroe Township, NJ 08831
pdhebariya@lightbridgeacademy.com
(201) 310-5460

Ohio

Chris Peters
CP Swim II, LLC
1 Dedicated Location: Perrysburg, OH (This unit is not yet open)
5935 Lynwood Court, Whitehouse, OH 43571
chris.peters@safesplashswimlabs.com
(419) 764-2797

Oregon

Anna Indahl (Area Developer)
AquaFlex, LLC
1 Dedicated Location: Bend, OR (This unit is not yet opened)
12304 Camino Arbustos NE Albuquerque, NM 87111
aindahl@safesplash.com
(505) 515-5473

South Carolina

Leila O'Brien
KBSQUARED, Inc
2 Dedicated Locations: Indian Land & Lake Wylie, SC (These units are not yet open)
217 Ridge Reserve Drive, Clover, SC 29710
lobrien@safesplashswimlabs.com
(704) 619-9584

South Dakota

Christa Sobocinski (Area Developer)
Swim Sobo, LLC
2 Dedicated Location: Sioux Falls, SD (1 unit is not yet open)
1 Satellite Location: Sioux Falls, SD
1009 North Vail Circle, Sioux Falls, SD 57110
csobocinski@safesplash.com
(612) 310-0219

Tennessee

Davis Tarwater (Area Developer)
Southeastern Swim School, LLC
1 Dedicated: Franklin, TN
112 S Gay St Unit #306, Nashville, TN 37201
dtarwater@safesplashswimlabs.com
(734) 904-0775

Texas

Robert Canales
SWIMSA, LLC
1 Dedicated Location: San Antonio, TX
136 Saddle Horn, Boerne, TX 78006
rcanales@safesplash.com
(210) 480-9420

Washington

Ginny Sandhu (Area Developer)
RAMKO LEARN AND PLAY, INC
2 Dedicated Locations: Seattle, WA (These units are not yet opened)
23205 SE 31st Street, Sammamish, WA 98075
gsandhu@safesplashswimlabs.com
(301) 431-5909

CURRENT SAFESPLASH HOSTED FRANCHISEES AS OF ISSUANCE DATE

California

Eugenio Samperio
B to B Eastlake, LLC
1 Hosted Location: Chula Vista, CA
851 Showroom Place, Suite 104, Chula Vista, CA 91914
eugenio.samperio@worldgym.com
(619) 380-9894

Mark and Colette Smith
Moon Jelly
3 Hosted Locations: 1 each in Buena Park, Brea & Long Beach CA
1 Satellite Location: Long Beach, CA
6250 Fairlynn Blvd., Yorba Linda, CA 92886
csmith@safesplash.com and msmith@safesplash.com
(714) 349-1300

Rodney Weinstein (Area Developer)
Westchester Swim Studios Inc.
7 Hosted Locations: 2 in San Diego, 1 each in Carlsbad, Costa Mesa, Torrance, Santa Monica & Santee CA
10113 Shore Pine Avenue Las Vegas, NV 80129
rweinstein@swimlabs.com
(914) 953-1703

Colorado

Jaime Zilverberg
Colorado Swimmer, LLC
1 Hosted Location: Lakewood, CO
Millbrook Circle, Castle Rock, CO 80109
jaime@safesplash.com
(303) 717-0442

Jessica Jaramillo
J.K Enterprises, Ltd
3 Hosted Locations: 1 each in Brighton, CO (These units are not yet open)
10711 Truckee Circle Commerce City, CO 80022
jjaramillo@safesplash.com
(860) 377-5527

District of Columbia

Michael Lilintahl
Lilintahl, LLC
1 Hosted Location: Washington, DC
1 Satellite Location: Washington, DC
5215 Brookeway Drive Bethesda, MD 20816
mlilintahl@safesplash.com
(443) 799-1930

Georgia

Justin Hart
JCH Sport, LLC
3 Hosted Locations: Tucker & 2 each in Atlanta, GA
3061 Terramar Drive, Atlanta, GA 30341
jhart@safesplash.com
(404) 867-3766

Maryland

Michael Lilintahl
Lilintahl, LLC
2 Hosted Locations: Rockville & Silver Spring MD
5215 Brookeway Drive Bethesda, MD 20816
mlilintahl@safesplash.com
(443) 799-1930

Massachusetts

Jay Hickman (Area Developer)
Aquatic Projects, LLC
1 Hosted Location: Lexington, MA
666 Main Road #2, Towaco, NJ 07082
jhickman@safesplash.com
(617) 816-0497

Michigan

Faisal Imam
AASI, LLC
3 Hosted Locations: Bloomfield Hills, Royal Oak & Troy, MI
834 Trombley Drive, Troy, MI 48083
faisal@safesplash.com
(248) 561-5320

New Hampshire

Jay Hickman (Area Developer)
Aquatic Projects, LLC
2 Hosted Locations: Manchester, NH
666 Main Road #2, Towaco, NJ 07082
jhickman@safesplash.com
(617) 816-0497

New Jersey

Jay Hickman (Area Developer)
Aquatic Projects, LLC
4 Hosted Locations: Clifton, Lodi, Paramus, Parsippany & Secaucus NJ
666 Main Road #2, Towaco, NJ 07082
jhickman@safesplash.com
(617) 816 0497

New York

Rodney Weinstein (Area Developer)
Westchester Swim Studios Inc.
4 Hosted Locations: Bronx, Nanuet, Yonkers, Pelham
10113 Shore Pine Avenue Las Vegas, NV 80129
rweinstein@swimlabs.com
(914) 953-1703

Ohio

Brad Hansen
HDH Swim School, LLC
1 Hosted Location: Grandview, OH
11251 Cedar Crest Drive Plain City, OH 43064
bhansen@safesplash.com
(614) 376-7841

Oregon

Ginny Sandhu (Area Developer)
RAMKO LEARN AND PLAY, INC
2 Hosted Locations: Beaverton & Hillsboro, OR
23205 SE 31st Street, Sammamish, WA 98075
gsandhu@safesplashswimlabs.com
(301) 431-5909

Tennessee

Adam Byars (Area Developer)
AR Swim Schools, Inc
3 Hosted Locations: Collierville, Memphis, Cordova, TN
426 Military Road, Collierville, TN 38017
abyars@safesplash.com
(706) 495-8468

Texas

Mike Scriver
DFW, Swim LLC
3 Hosted Locations: Murphy, Frisco & Lewisville, TX
187 Chaucer Ct, Coppell, TX 75019
mike@safesplash.com
(214) 725-9207

Adeel Qureshi
Esmesh Retail Solutions, LLC
3 Hosted Locations: Frisco, Garland & Plano East, TX
912 West View Drive, Little Elm, TX 75068
adeel@safesplash.com
(972) 904-5824

Adeel Qureshi
Esmesh Investments, LLC
1 Hosted Location: McKinney, TX
912 West View Drive, Little Elm, TX 75068
adeel@safesplash.com
(972) 904-5824

Robert Canales
SWIMTEX LLC
3 Hosted Locations: San Antonio, TX
136 Saddle Horn, Boerne, TX 78006
rcanales@safesplash.com
(210) 480-9420

Edith Mingle
Thide, LLC
3 Hosted Locations: Grand Prairie, 2 each in Arlington, TX
648 Palomino Way, Grand Prairie, TX 75052
emingle@safesplash.com
(972) 965-1971

Cammile Adams
Catch Swim Schools, LLC
4 Hosted Locations: Pearland, Missouri City, Sugar Land, Cypress, TX
910 W Cottage, Houston, TX 77009
cadams@safesplash.com
(214) 912-1904

Washington

Ginny Sandhu (Area Developer)
RAMKO LEARN AND PLAY, INC
7 Hosted Locations: Bellevue, Kirkland, Lynnwood, Mill Creek, Redmond, Renton, Renton Landing, WA
23205 SE 31st Street, Sammamish, WA 98075
gsandhu@safesplashswimlabs.com
(301) 431-5909

Mexico Locations

Eugenio Samperio
Exercise Society Mexico SA de C.V.
2 Hosted Locations: 1 ea. Tijuana Baja California and 1 ea. Ciudad de Mexico Metropolitan Area.
Saturnino Herrant 2725, Zona Rio CP 22010 Tijuana, Baja California , Mexico
eugenio.samperio@worldgym.com

Andrea Zullo Fossa
Operadora y Administradora SW, S.A. de C.V.,.
46 Hosted Locations: 1 ea, Leon Guanajuato, Cuernavaca Morelos, Hermosillo Sonora, Veracruz Veracruz, Aguascalientes Aguascalientes, Torreon Coahuila, Saltillo Coahila, Metepec Estado de Mexico, 2 ea. Monterrey Nuevo Leon, Puebla Puebla, Merida Yucatan, 3 ea. Guadalajara Jalisco, Queretaro, Queretaro and 26 each Ciudad de Mexico Metropolitan Area.
Av. Vasco de Quiroga # 3880, Nivel 2 Col. Santa Fe Cuajimalpa CP. 05348, México, D.F.
andrea.zullo@sportsworld.com.mx

CURRENT SWIMTASTIC DEDICATED FRANCHISEES AS OF ISSUANCE DATE

Nebraska

Dave Sall
2DSS, Inc.
1 Dedicated Location: Omaha, NE
2920 N. 118th Street, Omaha, NE 68164
dave@swimtastic.com
(402) 981-9694

Sanjay Garapati
Wise Monkey, Inc.
1 Dedicated Location: Lincoln, NE
7911 Pioneers Blvd., Lincoln, NE 68506
sanjay@swimtastic.com
(402) 547-8437

Dave Sall & Sanjay Garapati (Area Developer)
L2S, LLC
1 Dedicated Location: Omaha, NE
2920 N. 118th Street, Omaha, NE 68164
dave@swimtastic.com
(402) 981-9694

Dave Sall & Sanjay Garapati
DGRS, LLC
1 Dedicated Location: La Vista, NE
14512 Stone Ave, Omaha, NE 6811
sanjay@swimtastic.com
(402) 547-8437

Wisconsin

Kara Kampa
SwimComp, Inc.
1 Dedicated Location: Franklin, WI
9702 Airways Ct., Franklin, WI 53132
kara@swimtastic.com
(414) 897-1291

Michelle Posey
J&M 360, Inc
1 Dedicated Location: Waukesha, WI
W275N1990 Cabin Creek Court, Pewauke, WI 53072
michelle@swimtastic.com
(262) 549-6294

Mandy Ruys
Lmswim, Inc
1 Dedicated Location: Menasha, WI
W5578 Ryan Street, Appleton, WI 54915
mandy@swimtastic.com
(920) 540-1217

CURRENT SWIMTASTIC HOSTED FRANCHISEES AS OF ISSUANCE DATE

Florida

Mark & Connie Welp
Swim Like a Champion, LLC
1 Hosted Location: Bradenton, FL
4626 Balboa Park Loop, Bradenton, FL 34211
(262) 613-7079

Lindsay Pursglove
Swim University, LLC
3 Hosted Locations: Cape Coral, Fort Myers and Naples, FL
1007 Bay Drive Apt. 107, Miami Beach, FL 33141
(954) 675-7304

CURRENT SWIMLABS DEDICATED FRANCHISEES AS OF ISSUANCE DATE

California

Darin Mai
Cutting-Edge Aquatics, Inc
1 Dedicated Location: El Dorado Hills, CA
5009 Windplay Dr. Ste E, El Dorado Hills, CA 95762
dmai@swimlabs.com
(916) 792-7858

Michael Mann and Karl Stewart
SwimPros, LLC
1 Dedicated Location: Lake Forest, CA
20918 Bake Parkway, Suite 100, Lake Forest, CA 92630
karl@swimlabs.com, mmann@swimlabs.com
(303) 995-9311

Colorado

Mike Mann
Swim Labs HC, Inc.
1 Dedicated Location: Highlands Ranch CO
5640 E. County Line Place, Suite B100, Highlands Ranch, CO 80126
mmann@swimlabs.com
(303) 995-9311

Heather Haugen
Propulsion Inc
1 Dedicated Location: Littleton, CO
8500 W. Crestline Ave., Unit I, Littleton, Colorado 80123
hhaugen@swimlabs.com
(303) 594-2568

Maryland

Denise Dombay
DAJAEL Inc.
1 Dedicated Location: Gaithersburg, MD
13517 Esworthy Road, Darnestown, MD 20874
denisedombay@gmail.com
(301) 346 4541

New York

Rodney Weinstein (Area Developer)
Westchester Swim Studios Inc.
1 Dedicated Location: Elmsford, NY
10113 Shore Pine Avenue Las Vegas, NV 80129
rweinstein@swimlabs.com
(914) 953-1703

Texas

Timothy Bauer and Ken Gray
TK Swim School, LLC
1 Dedicated Location: Spring, TX
23715 Tristan Bay Ct, Spring, TX 77386
tbauer@swimlabs.com, kgrey@swimlabs.com
(281) 224-9054

Mehdi Balouchestani
LANMEK, Inc.
1 Dedicated Location: Sugarland, TX
5903 Pendelton Place Drive, Sugar Land, TX 77479
mbalouchestani@swimlabs.com
(713) 240-6564

Utah

Kyle Lambson
Aquatic Animals LLC
1 Dedicated Location: Sandy, UT
834 East 9400 South #67, Sandy, Utah 84094
klambson@swimlabs.com
(801) 301-5086

Turkey

ASXA Sportif LTD STI
SwimLabs Türkiye
1 Dedicated Location: Istanbul, Turkey
MKM Uğur Mumcu Cad. No:8
Kat -2 Akatlar- Beşiktaş / İstanbul
bilgi@swimlabs.com.tr
0212-351-77-27

CURRENT SWIMLABS DEDICATED LICENSEES AS OF ISSUANCE DATE

California

Mason Bailey
1 Location: Encinitas, CA
519 Encinitas Blvd #100, Encinitas, CA 92024
mtbailey@swimlabs.com
(619) 572-3506

New Mexico

Mason Bailey
1 Location: Albuquerque, NM
519 Encinitas Blvd #100, Encinitas, CA 92024
mtbailey@swimlabs.com
(619) 572-3506

CURRENT SAFESPLASH DEDICATED COMPANY-OWNED AND AFFILIATE-OWNED LOCATIONS AS OF DECEMBER 31, 2021

Colorado

Lone Tree - 12240 Lioness Way, Parker, CO 80134
Aurora - 5930 S Gun Club Rd., Aurora, CO 80016
Denver – 4151 E Colfax, Denver, CO 80222

Maryland

Jessup – 7351 Assateague Dr. Ste 394, Jessup, MD 20794
Laurel – 327 Montrose Avenue, Laurel, MD 20707
Sterling – Town Center at Sterling, 21800 Town Center Plaza, Sterling, VA 20164

Oklahoma

Jenks – 525 W 91st Street South, Jenks, OK 74132
Tulsa – 6415 S Mingo Road, Tulsa, OK 74133

CURRENT SAFESPLASH HOSTED COMPANY-OWNED AND AFFILIATE-OWNED LOCATIONS AS OF DECEMBER 31, 2021

California

San Jose / Crane Court - 1610 Crane Court, San Jose, CA 95112
San Jose / Newhall - 610 Newhall Drive, San Jose, CA 95110
Mountain View - 1040 Grant Road, Suite 165, Mountain View, CA 94040
Fremont - 39153 Farwell Drive, Fremont, CA 94538
Hayward – 24080 Whipple Road, Hayward, CA 94544

Colorado

Parker and Arapahoe - 5900 E. Briarwood Circle, Aurora, CO 80016

EXHIBIT F
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

LIST OF FRANCHISEES WHO
LEFT THE SYSTEM

EXHIBIT F
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

List of franchisees who had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business during the fiscal year which ended December 31, 2021, or who have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document:

SAFESPLASH / SWIMLABS DUAL BRAND FRANCHISEES
None

SAFESPLASH FRANCHISEES
Nathan Trojan
Feet to Fins, LLC & Feet 2 Fins, LLC
16066 E. Geddes Lane Aurora, CO 80016
303-667-6509

Christine Badger
Newman Badger, LLC
2942 West 11770 South, South Jordan, UT 84095
(303) 506-6187

SAFESPLASH LICENSEES
Sharol Preisser
Swim Corp
420 Cherry Street, Denver, CO 80220
(303) 324-0681

SWIMTASTIC FRANCHISEES
None

SWIMLAB LICENSEES
Andy Hill
Swim Performance, LLC
1555 NW Mall St, Issaquah, WA 98027
(206) 890-2121

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

EXHIBIT G

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

FINANCIAL STATEMENTS

UNAUDITED FINANCIALS

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

SafeSplash Brands, LLC dba Streamline Brands
Balance Sheet
Company Prepared
As of March 31, 2022

Assets	**Mar-22**
Current Assets	
Bank	$85,828
Accounts Receivable	$81,045
Other Current Asset	$8,813,670
Total Current Assets	$8,980,543
Fixed Assets	$0
Other Assets	$1,508,466
Total Assets	**$10,489,008**
Liabilities & Equity	
Current Liabilities	$8,489,941
Long Term Liabilities	$2,164,121
Equity	($165,054)
Total Liabilities & Equity	**$10,489,008**

SafeSplash Brands, LLC dba Streamline Brands
Income Statement
Company Prepared

Revenue	**1st Q 2022**
Swim Revenue	
Franchise Revenue	$727,311
Franchise Fee	$87,612
Other Revenue	
Total Revenue	**$814,923**
Operating Expenses	
Human Resources	$101,996
Marketing	$12,987
Information Tech	$8,239
SGA Expenses	$387,497
Total	**$510,719**

Operating Earnings	**$304,204**
Other Exp / (Gain)	$3,409

Net Income	**$307,613**

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

**SAFESPLASH BRANDS, LLC dba
STREAMLINE BRANDS**

December 31, 2021, 2020, and 2019

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

The Member
SafeSplash Brands, LLC
dba Streamline Brands

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SafeSplash Brands, LLC dba Streamline Brands, which comprise the balance sheets as of December 31, 2020 and 2020, the related statements of operations, member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SafeSplash Brands, LLC dba Streamline Brands as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 SafeSplash Brands, LLC dba Streamline Brands 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 SafeSplash Brands, LLC dba Streamline Brands' 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 GAAS 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 GAAS, 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 SafeSplash Brands, LLC dba Streamline Brands' 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 SafeSplash Brands, LLC dba Streamline Brands' 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.

Other Matter – Other Auditor

The financial statements of SafeSplash Brands, LLC dba Streamline Brands, as of and for the year ended December 31, 2019, were audited by other auditors whose report thereon dated April 24, 2020, expressed an unmodified opinion on the presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and an emphasis of a matter regarding going concern uncertainty.

Moss Adams LLP

Denver, Colorado
April 29, 2022

SafeSplash Brands, LLC dba Streamline Brands
Balance Sheets

ASSETS

	December 31, 2021	December 31, 2020	December 31, 2019
CURRENT ASSETS			
Cash and restricted cash	$ 24,436	$ 84,010	$ 154,338
Accounts receivable	163,442	201,120	320,625
Notes receivable, current	16,312	126,096	128,705
Due from affiliates	8,033,452	3,061,611	2,399,546
Deferred franchise costs, current	38,721	35,830	33,171
Other current assets	42,213	11,457	9,630
Total current assets	8,318,576	3,520,124	3,046,015
GOODWILL	919,524	919,524	919,524
OTHER ASSETS			
Notes receivable, net of current portion	208,631	103,864	101,472
Deferred franchise costs, net of current portion	226,999	180,587	252,204
Other noncurrent assets	3,098	57,512	22,542
Total other assets	438,728	341,963	376,218
TOTAL ASSETS	$ 9,676,828	$ 4,781,611	$ 4,341,757

SafeSplash Brands, LLC dba Streamline Brands
Balance Sheets

LIABILITIES AND MEMBER'S EQUITY (DEFICIT)

	December 31,		
	2021	2020	2019
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$ 384,843	$ 109,844	$ 92,503
Due to affiliates	7,077,076	3,850,729	2,559,577
Deferred revenue, current	366,599	128,440	293,845
Total current liabilities	7,828,518	4,089,013	2,945,925
OTHER LONG-TERM LIABILITY,			
Deferred revenue, net of current portion	1,763,004	1,914,613	1,927,875
Total liabilities	9,591,522	6,003,626	4,873,800
MEMBER'S EQUITY (DEFICIT)	85,306	(1,222,015)	(532,043)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	$ 9,676,828	$ 4,781,611	$ 4,341,757

See accompanying notes to these financial statements.

SafeSplash Brands, LLC dba Streamline Brands
Statements of Operations

	Years Ended December 31,		
	2021	2020	2019
REVENUE			
Franchise fees	$ 469,350	$ 262,463	$ 287,917
Strategic marketing fund revenue	1,088,927	345,556	605,538
Royalties and technology fees	2,420,329	1,004,019	1,862,463
Other revenue	118,384	35,253	14,050
Total revenue	4,096,990	1,647,291	2,769,968
OPERATING EXPENSES			
General and administrative	2,301,310	2,020,433	2,179,817
Marketing and advertising	391,969	175,379	435,456
Legal and professional fees	100,915	156,461	211,454
Total operating expenses	2,794,194	2,352,273	2,836,727
OPERATING INCOME (LOSS)	1,302,796	(704,982)	(66,759)
NONOPERATING INCOME			
Interest income	4,525	15,010	16,546
Total nonoperating income	4,525	15,010	16,546
NET INCOME (LOSS)	$ 1,307,321	$ (689,972)	$ (50,213)

See accompanying notes to these financial statements.

SafeSplash Brands, LLC dba Streamline Brands
Statements of Member's Equity (Deficit)

BALANCE, December 31, 2018	$ 633,687
Net equity transfer with holdings	(1,099,822)
Distribution to members	(15,695)
Net loss	(50,213)
BALANCE, December 31, 2019	(532,043)
Net loss	(689,972)
BALANCE, December 31, 2020	(1,222,015)
Net Income	1,307,321
BALANCE, December 31, 2021	$ 85,306

SafeSplash Brands, LLC dba Streamline Brands
Statements of Cash Flows

	Years Ended December 31,		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 1,307,321	$ (689,972)	$ (50,213)
Adjustments to reconcile net income (loss) to net cash and restricted cash used in operating activities			
Write-off of trademark	-	-	8,354
Changes in operating assets and liabilities that (used) provided cash			
Accounts receivable	37,678	119,505	(157,702)
Due (to) from affiliates, net	(1,745,494)	629,087	(60,768)
Deferred franchise costs	(49,303)	68,958	(59,260)
Other assets	28,703	11,931	7,771
Accounts payable and accrued expenses	274,999	17,341	65,967
Deferred franchise revenue	86,550	(178,667)	210,084
Net cash and restricted cash used in operating activities	(59,546)	(21,817)	(35,767)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments received on notes receivable	211,611	56,060	150,685
Issuance of notes receivable	(211,639)	(55,843)	(39,125)
Purchase of website	-	(48,728)	(22,542)
Net cash and restricted cash (used in) provided by investing activities	(28)	(48,511)	89,018
CASH FLOWS USED IN FINANCING ACTIVITIES	-	-	-
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(59,574)	(70,328)	53,251
CASH AND RESTRICTED CASH, beginning of year	84,010	154,338	101,087
CASH AND RESTRICTED CASH, end of year	$ 24,436	$ 84,010	$ 154,338
SIGNIFICANT NONCASH TRANSACTIONS			
Accounts receivable converted to notes receivable	$ -	$ -	$ 38,916
Net issuance of notes receivable transferred to the Company from an affiliate	-	-	50,000
Net equity transfer from Holdings	-	-	15,695

Note 1 – Nature of Business

SafeSplash Brands, LLC dba Streamline Brands (the Company) was incorporated in the state of Colorado on January 4, 2014, and operates as a franchisor and franchising entity. The Company offers franchises under the brands "SAFESPLASH," "SWIMLABS," and "SWIMTASTIC," which provide "learn to swim" programs for children and adults, birthday parties, summer camps, and other swimming-related activities.

The Company offers franchises under two formats: a dedicated location format where the franchisee has a free-standing location and a hosted location format where the franchisee leases a swimming pool from a third-party fitness center health club, dive shop, or recreational facility. The Company franchises throughout the United States and Mexico.

In December 2018, the Company's parent, Streamline Holdings, LLC (Holdings) entered into an equity purchase agreement in which a portion of the combined business was sold to a third party. As a result of the transaction, a change in control occurred. All membership interests in the Company were sold, and the Company became a wholly owned subsidiary of Holdings. The transaction was accounted for by Holdings, and management elected not to adopt push-down accounting by the Company.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. Due to this situation, the Company's franchised swim schools were closed nationwide on March 16, 2020, but many have reopened as a result of government agencies allowing such activities and removing restrictions. In response, the Company had aggressively and swiftly moved to mitigate the impact of COVID-19 by reducing its workforce, eliminating or delaying capital expenditures, and actively managing cash disbursements. During fiscal 2021, continued lifting of local restrictions has resulted in increased franchise openings, franchises sold, and overall revenues from franchises. It is not possible for the Company to predict any further short-term or long-term effects, if any, of the COVID-19 crisis on its business at this time.

The following table summarizes the Company's franchise activity:

	2021	2020	2019
Franchises at the beginning of the year	157	150	141
Franchises opened	15	13	18
Franchises closed or reacquired	(14)	(6)	(9)
Franchises at the end of the year	158	157	150
Franchises sold but not yet in operation	21	16	19

Note 2 – Significant Accounting Policies

The Company follows accounting standards established by the Financial Accounting Standards Board (FASB). The FASB sets accounting principles generally accepted in the United States of America (GAAP) to ensure consistent reporting of the Company's financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (ASC or Codification).

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash
The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. The Company maintains cash balances at a financial institution that is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time, cash accounts may exceed FDIC insured limits

Restricted cash relates to cash franchisees and company-owned swim schools' contribution to the Company's strategic marketing fund. Cash contributed to the strategic marketing fund is to be used in accordance with the Franchise Disclosure Document with a focus on regional and national marketing and advertising. At December 31, 2021, there was $147,978 of cash restricted for that purpose. There were no amounts restricted at December 31, 2021, as the funds had been fully spent.

Allowance for Doubtful Accounts on Accounts Receivable and Notes Receivable
The Company considers a reserve for doubtful accounts based on the creditworthiness of the franchisee. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible accounts and is determined by estimating the collectability of each individual account balance on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. There was no allowance for doubtful accounts on accounts receivable or notes receivable balances as of December 31, 2021, 2020, and 2019.

Credit Risk
The Company grants credit in the normal course of business to franchisees in the United States and Mexico. The Company periodically performs credit analyses and monitors the financial condition of its franchisees to reduce credit risk. The Company performs ongoing credit evaluations of its franchisees, but generally does not require collateral to support accounts receivable.

At December 31, 2021, 2020, and 2019, four, four, and four franchisees accounted for 71%, 71%, and 50%, respectively, of total accounts receivable.

Note 2 – Significant Accounting Policies (continued)

Goodwill
The recorded amounts of goodwill relating to the acquisitions of Swimtastic Corporation in November 2015 and SwimLabs in 2017 are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Goodwill is not amortized, but rather is assessed at least on an annual basis, or upon a triggering event that indicates impairment, for impairment. No impairment charge was recognized during the years ended December 31, 2021, 2020, and 2019.

Income Taxes
The Company is a Limited Liability Corporation. Accordingly, no provision for income tax has been recorded as the income, deductions, expenses, and credits of the Company are reported on the individual income tax returns of the Company's members.

Under professional standards, the Company's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, revenue rulings, court decisions, and other evidence.

The federal income tax returns of the Company are subject to examination by the IRS, generally for the three years after they were filed. The Company expects no material changes to its unrecognized tax positions within the next twelve months.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were accrued at December 31, 2021. The Company is a partnership, which is not subject to U.S. federal income taxes. Rather, the partnership's taxable income flows through to the owners, who are responsible for paying the applicable income taxes on the income allocated to them. For tax years beginning on or after January 1, 2019, the Company is subject to partnership audit rules enacted as part of the Bipartisan Budget Act of 2015 (the Centralized Partnership Audit Regime). Under the Centralized Partnership Audit Regime, any IRS audit of the Company would be conducted at the Company level, and if the IRS determines an adjustment, the default rule is that the Company would pay an "imputed underpayment," including interest and penalties, if applicable. The Company may, instead, elect to make a "push-out" election, in which case the partners for the year that is under audit would be required to take into account the adjustments on their own personal income tax returns.

Revenue Recognition
The Company recognizes revenue in accordance with Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* The Company earns revenue from its franchised swim schools, which includes royalties, franchise fees, area development fees, strategic marketing fund fees, and technology fees. The Company sells individual franchisees the right to operate a school within a defined territory using the franchise name. The initial term of franchise agreements is typically ten years with an option to renew or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has obligations to provide franchisees with the franchise rights to operate a swim school, training, and site selection and provide technology and advertising for which fees are charged. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Therefore, initial franchise fees for each franchise agreement are allocated to each individual franchisee and recognized over the term of the respective franchise agreement from the date the franchise is opened. Area development fees are also recognized over the term of the respective franchise agreement from the date the franchise is opened. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Income for royalties is recognized over the term of the respective franchise agreement as the underlying sales occur. When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligations need to be satisfied, and the initial franchise fee is not refundable per the franchise agreement.

Payment Terms
The Company's franchise agreements require the payment of various fixed and variable fees. Initial franchise fees are due and typically paid when a franchise agreement is executed and are generally nonrefundable. Area development fees are also received pursuant to area development agreements, which grant the right to develop franchised swim schools in future periods in specific geographic areas. Area development fees are due and typically paid when the area development agreement is executed and are generally nonrefundable. Initial franchise fees and area development fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue. Enhanced administrative services fees, royalties, and strategic marketing fund fees are collected by the Company at the time the franchisees customers are charged. Additional monthly fees are also charged for technology support provided to the franchisees. Deferred revenue as of December 31, 2021, was $2,129,603.

Allocating the Transaction Price
The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

Note 2 – Significant Accounting Policies (continued)

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and strategic marketing fund fees as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts earned each month. Since the Company considers the licensing of the franchise right to be a single performance obligation, no allocation of the transaction price is required.

Cost of Obtaining a Franchise Agreement
The Company occasionally incurs commission expenses paid internal employees to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue and are deferred and recognized over the term of the respective franchise agreement.

Advertising Expense
The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2021, 2020, and 2019 was $391,969, $175,379, and $435,456, respectively.

Note 3 – Notes Receivable

Notes receivable consist of the following:

	2021	2020	2019
Various notes receivable from franchisees, bearing interest between 0% and 9%. In lieu of payment, the Company retains 5 percent of the franchisees' swimming revenue, registration fees, and late withdrawal fees generated at the franchisees' locations until the time that the principal balance is paid in full. The notes are guaranteed by the franchisees.	$ 42,500	$ 99,110	$ 58,469
Various note receivable from franchisees, bearing interest at 8%. In lieu of payment, the Company retains 5% of the franchisees' swimming revenue, registration fees, and late withdrawal fees generated at the franchisees' locations until the time that the principal balance is paid in full. The note is guaranteed by the franchisee.	72,443	119,104	124,858
Various note receivables from franchisees, bearing 5% of the franchisees' swimming revenue, registration fees, and late withdrawal fees generated at the franchisees' locations until the time that the principal balance is paid in full. The note is guaranteed by the franchisee.	110,000	-	24,132
Two notes receivable from franchisees, bearing interest at 8%. In lieu of payment, the Company retains 5% of the franchisees' swimming revenue, registration fees, and late withdrawal fees generated at the franchisees' locations until the time that the principal balance is paid in full. The notes are guaranteed by the franchisees.	-	11,746	22,718
Total	224,943	229,960	230,177
Less current portion	16,312	126,096	128,705
Long-term portion	$ 208,631	$ 103,864	$ 101,472

The Company has not reflected a discount on notes receivable issued with 0% interest, as it would not be significant.

Note 4 – Related Party Transactions

Due to/from Affiliates
In the normal course of its operations, the Company processes transactions with affiliated entities, which are settled periodically. The net effect of these transactions resulted in due (to) from affiliates of approximately $956,000, $(789,000), and $(160,000) at December 31, 2021, 2020, and 2019, respectively. The nature of these transactions primarily consists of the following:

Services Provided to the Company and Franchisees by Affiliates
During 2018, the Company changed the way in which it allocated certain expenses from affiliates to the Company. SafeSplash HQ, LLC (HQ), an entity under common control with the Company, provides corporate and marketing services to the Company, as well as enhanced administrative services to franchisees, including customer relationship management, billing and collection services, website management, scheduling, and marketing services. During the years ended December 31, 2021, 2020, and 2019, HQ allocated approximately $669,000, $1,262,000, and $1,044,000, respectively, to the Company for corporate and marketing services and $0, $0, and $0, respectively, for services provided to franchisees. Services provided to franchisees were charged directly by the Company in 2021 and 2020. At December 31, 2021, 2020, and 2019, approximately $6,125,000, $3,855,000, and $2,560,000, respectively, was due to HQ. Amounts allocated to the Company are based on a predetermined rate for corporate and marketing expenses and a rate per student for franchisee services. For the years prior to 2018, HQ retained most royalties and, therefore, also retained most expenses incurred.

Royalties and Strategic Marketing Fund Revenue Collected from Franchisees and Company-Owned Swim Schools
DFW, LLC (DFW), an affiliate of the Company, collects royalties and strategic marketing fund revenue from franchisees and company-owned swim schools on behalf of the Company, which are recorded by the Company via related party transactions. As of December 31, 2021, 2020, and 2019, approximately $5,483,000, $2,450,000, and $2,400,000, respectively, was due from DFW and company-owned swim schools for the collection of royalties and strategic marketing fund revenue.

The Company collects royalties and strategic marketing fund revenue from company-owned swim schools, which are held in entities that share common ownership. During the years ended December 31, 2021, 2020, and 2019, the Company recognized royalties of approximately $214,000, $111,000, and $260,000, respectively, and strategic marketing fund revenue of approximately $441,000, $233,000, and $87,000, respectively, from company-owned swim schools.

Guarantee
The Company has guaranteed long-term debt of Holdings, the Company's sole member. In the event of a default by Holdings, the Company could be obligated to repay the full amount outstanding on this debt. As of December 31, 2021, the maximum potential future obligation under this guarantee totaled $9,794,000 and is payable through June 30, 2024. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from Holdings. Additionally, the Company's assets and franchise license agreements are pledged as collateral under the long-term debt. As of December 31, 2021, the Company is unaware of any circumstances that would require performance under this guarantee.

Note 5 – Subsequent Events

The Company has evaluated subsequent events through April 29, 2022, the date the financial statements were available to be issued and determined there were no additional items requiring disclosure.

EXHIBIT H

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

STATEMENT OF FRANCHISEE

EXHIBIT H
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

STATEMENT OF FRANCHISEE

[Note: Dates and Answers Must be Provided by the Prospective Franchisee]

In order to make sure that no misunderstanding exists between you, the Franchisee and us, SafeSplash Brands, LLC d/b/a/ Streamline Brands (also called "**Streamline**," the "**Franchisor**," "**SafeSplash**," "**SwimLabs**," "**Swimtastic**," or "**we**") and to make sure that no violations of law might have occurred and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

	Date	Initials	
1.	__________________, ____	_____	The date on which I received a Franchise Disclosure Document regarding the Franchised Business.
2.	__________________, ____	_____	The date of my first face-to-face meeting with Marketing Representative to discuss a possible purchase of a Franchised Business.
3.	__________________, ____	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4.	__________________, ____	_____	The date on which I signed the Franchise Agreement.
5.	__________________, ____	_____	The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of SafeSplash Brands, LLC.

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly listed in the Franchise Agreement or an attached written Addendum signed by me and SafeSplash except as follows: ____
____ Initial _____
(If none, you should note NONE and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were

inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of the Franchisor, were made to me by any person or entity, nor have I relied in any way on same, except as follows:__________________________
____ Initial _____

(If none, you should note NONE and initial.)

3. Except as listed in ITEM 19 of the SafeSplash Brands, LLC d/b/a Streamline Brands Franchise Disclosure Document, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Franchised Businesses, was made to me by any person or entity, nor have I relied in any way on any such, except as follows: _____
____ Initial _____

(If none, you should note NONE and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing or my fully performing any of my obligations), nor have I relied in any way on same, except as described in the Franchise Agreement or any attached written Addendum signed by me and the Franchisor: _______________________
____ Initial _____

(If none, you should note NONE and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and / or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums and the Franchisor has strongly recommended that I obtain such independent advice. I have also been strongly advised by the Franchisor to discuss my proposed purchase of a Franchised Business with any existing SafeSplash or Swimtastic Franchisees prior to signing any binding documents or paying any sums and the Franchisor has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a Franchised Business or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Franchised Business, including the one to be operated by me, are my personal business skills, which include marketing, sales and management and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform SafeSplash Brands, LLC d/b/a Streamline Brands (Phone: (303) 799-1885) and our Managing Director.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

This Statement of Franchisee is not intended to limit any rights you may have under local law.

PROSPECTIVE FRANCHISEE:		**MARKETING REPRESENTATIVE:**	
____________________________	__________ Date	________________________________	_________ Date
______________________________________ (Printed Name)		______________________________________ (Printed Name)	

REVIEWED BY FRANCHISOR:

By:___________________________________ ______________ Date

____
(Printed Name)

Its:___________________________________

EXHIBIT I

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

STATE-SPECIFIC ADDENDUM

EXHIBIT I
SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

STATE LAW ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, STATEMENT OF FRANCHISEE, AND RELATED AGREEMENTS

The following modifications are to the SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated ____________________, Area Development Agreement dated ________________ and Statement of Franchisee.

<u>CALIFORNIA</u>

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

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

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

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

The Franchise Agreement and Area Development Agreement contain a covenant not to compete which, in the case of the Franchise Agreement extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

The Franchise Agreement requires binding arbitration. The arbitration will occur at the Denver, Colorado office of the American Arbitration Association, or at such other location as shall be mutually agreed upon by the parties in writing with the costs being borne equally between the parties, except that the parties each shall bear all of their own costs of arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement require application of the laws of Colorado. This provision may not be enforceable under California law.

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Financial Protection & Innovation before we ask you to consider a material modification of the Franchise Agreement or the Area Development Agreement.

The Franchise Agreement and Area Development Agreement require you to sign a general release of claims if you transfer your franchise or your Area Development Agreement. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

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. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

HAWAII

The following is added to the Cover Page:

> **"THESE FRANCHISES WILL BE / HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED WITHIN THE 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 AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU 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."

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

D. This proposed registration is effective in the following states:

None

E. This proposed registration is or will shortly be on file in the following states:

California, Florida, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, South Dakota, Utah, Virginia, Washington, and Wisconsin

F. States which have refused, by order or otherwise, to register these franchises are:

None

G. States which have revoked or suspended the right to offer the franchises are:

None

H. States in which the proposed registration of these franchises has been withdrawn are:

None

ILLINOIS

Illinois law governs the Franchise and Area Developer Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise or Area Developer Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise or area developer agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

The State Cover Page is amended to include the following Risk Factor:

> "**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."

ITEM 5: The following language is added to Item 5 regarding the Franchise Agreement:

> "Payment of the Initial Franchise Fee is deferred until we have satisfied our pre-opening obligations to you and you have commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

Section 6.1 of the Franchise Agreement is amended by the addition of the following language:

> "Payment of the Initial Franchise Fee is deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

ITEM 5: The following language is added to Item 5 regarding the Area Development Agreement:

> "Payment of the Reduced Initial Franchise Fee and the Deposit are deferred until we have satisfied our pre-opening obligations to you and you have commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

Section 3.2 of the Area Development Agreement is amended by the addition of the following language:

> "Payment of the Initial Franchise Fee is deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition."

See the last page of Exhibit I where you must sign and date this Illinois Addendum.

INDIANA

The "Summary" column in ITEM 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

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

The "Summary" column in ITEM 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

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

The "Summary" column in ITEM 17.u. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

> "Except for certain claims, all disputes must be arbitrated in Indiana. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

The "Summary" column in ITEM 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

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

The "Summary" column in ITEM 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

> "Indiana law applies to disputes covered by Indiana franchise laws; otherwise Colorado law applies."

The following is hereby added at the end of Section 20.03 of the Franchise Agreement:

> "excluding only such claims as the Franchisee may have that have arisen under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act."

Section 14.02 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

> "14.2 Covenants Not to Compete. During the term of this Agreement and for two (2) years after termination, transfer or expiration of this Agreement for any reason, neither Franchisee, nor persons associated with Franchisee, including owners, Managers, employees or agents, may participate directly or indirectly or serve in any capacity in any business engaged in the sale of services or products the same as, similar to or competitive with the System. This covenant not to compete applies: (i) during the term of the Agreement, within any state in which Franchisor, Franchisor's Affiliates, or franchisees do business; and after termination within the Franchisee's Protected Territory; (ii) on the Internet; and (iii) in any other Multi-Area Marketing channels used by Franchisor.
>
> This covenant not to compete is given in part in consideration for training and access to Franchisor's Trade Secrets and which, if used in a competitive business without paying royalties and other payments, would give Franchisee an unfair advantage over Franchisor and Franchisor's franchisees and Affiliates. The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement."

Section 20.03 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

> "20.03 Arbitration. Except as specifically provided under this Agreement, any dispute or claim relating to or arising out of this Agreement must be resolved exclusively by mandatory arbitration by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**AAA**") or another arbitration service agreed to by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all parties so agree. No award in arbitration involving Franchisor will have any effect of

preclusion or collateral estoppel in any other adjudication or arbitration. The proceedings will be conducted at a location in the state of Indiana mutually agreed upon by the parties in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association and shall be heard by one arbitrator in accordance with such rules. Each party shall bear all of its own costs and attorneys' fees and one-half of the arbitrator's expenses. The decision of the arbitrator shall be final and binding. This language has been included in this Franchise Agreement as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act."

Section 21.01 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

"21.1. Governing Law / Consent to Venue and Jurisdiction. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, disputes related to a breach of this Agreement governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act shall be governed thereby and all other matters regarding this Agreement shall be interpreted under the laws of the State of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws shall prevail in the event of any conflict of law. This language has been included in this Franchise Agreement as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act. With respect to disputes not related to a breach of this Agreement, Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship.

Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**") and Franchisor, its Affiliates and their respective officers, directors and sales employees (collectively, "Franchisor Affiliates") the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of Colorado or the Denver, Colorado office of the AAA and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Colorado or the Denver, Colorado office of the AAA, Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury."

The following is hereby added at the end of Section 21.05 of the Franchise Agreement:

"Notwithstanding anything to the contrary in this provision, Franchisee does not waive any right under the Indiana statutes with regard to prior representations made by the Franchisor."

Section 5 of the Nondisclosure And Noncompetition Agreement hereby deleted in its entirety and the following is substituted in its place:

"5. Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, Associate and any of its managers, officers, directors, shareholders and partners agree that, for a period of 2 years commencing on the effective date of termination or expiration, or the date on which Associate ceases to conduct business, whichever is later, neither Associate, Associate's manager, nor any of Associate's officers, directors, shareholders, managers, members or partners will have any direct or indirect interest (through any immediate family member of Associate or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating within the Protected Territory. The restrictions of this Section will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 10% or less of the number of shares of that class of securities issued and outstanding. Associate and its officers; directors, shareholders, managers, members and partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

Section 11 of the Nondisclosure And Noncompetition Agreement hereby deleted in its entirety and the following is substituted in its place:

> "11. Governing Law. Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, this instrument shall be governed by and construed under the laws of the State of Colorado."

Section 12 of the Nondisclosure and Noncompetition Agreement, "Jurisdiction and Venue," is hereby deleted in its entirety.

MARYLAND

SPECIAL RISKS SHEET: The following risk factor is added to the Special Risks sheet:

> "**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."

ITEM 5: The following language is added to Item 5 regarding the Franchise Agreement:

> "We will defer payment of all initial fees until you have opened your Swim Facility."

ITEM 5: The following language is added to Item 5 regarding the Area Development Agreement:

> "In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document is amended to state that the release in the acknowledgement of termination shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Statement of Franchisee is amended to state that "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any 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."

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

The following sentence is added to the end of Article 19 of the Franchise Agreement and Article 14 of the Area Development Agreement:

> "Provided, however, that this provision is not limited to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Laws."

ITEM 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

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

Section 6.1 of the Franchise Agreement is hereby amended to state the following:

> "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."

Article 3 of the Area Development Agreement is hereby amended to state the following:

> "In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

MICHIGAN

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

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

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

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

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

(d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 you do not receive at least 6 months' advance notice of our intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

ITEM 13 of the Franchise Disclosure Document and Section 10 of the Franchise Agreement are amended to state that we will protect you against claims of infringement or unfair competition regarding your use of the Marks when your right to use the Marks requires protection.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4 and 5, which require except in certain specific 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.

The Franchise Disclosure Document and Franchise Agreement are amended to comply with Minnesota Rules, Department of Commerce, Chapter 2860, Section 4400D, which prohibits a Company from requiring a Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J. states that it is unfair and inequitable for a franchisor to require a franchisee to waive his rights to any forum provided for by the laws of jurisdiction. Any language found in the Franchise Disclosure Document contrary to this rule is amended so that it does not apply to Minnesota franchisees. As a result, Section 8 of the Nondisclosure and Noncompetition Agreement (Exhibit D to the Franchise Disclosure Document) is amended to state that the Associate cannot consent to the Company obtaining injunctive relief and, although the Company may seek injunctive relief, a court will determine if a bond is required.

Section 20.7 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

Section 20.7 Limitations on Actions. Except for payments owed by one party to the other and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding other than claims arising under Minn. Stat. §§ 80C.01-80C.22, which must be brought or instituted within a period of three (3) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding under Minn. Stat. §§ 80C.01-80C.22.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

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:

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 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 the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), 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.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"** and Item 17(w), 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.

6. The following risk factor is added to page v, which is titled "**Special Risks to Consider About *This* Franchise**":

> The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

NORTH DAKOTA

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

The Franchise Agreement, Nondisclosure and Noncompetition Agreement, contain a covenant not to compete which may not be enforceable under North Dakota law.

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

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

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and / or termination penalties, may not be enforceable under

Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

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

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

Section 21.03 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

> "Section 21.3 Enforcement Costs. In the event either party is required to incur any direct or indirect costs, accounting and legal fees or administrative expenses ("Enforcement Costs"), to enforce its rights under this Agreement, the prevailing party shall be entitled to reimbursement of such Enforcement Costs within five (5) days of the day the prevailing party presents the other party with an invoice for such Enforcement Costs."

RHODE ISLAND

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

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

VIRGINIA

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The State Cover Page is amended to include the following Risk Factor:

"**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."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for SafeSplash Brands, LLC d/b/a Streamline Brands shall be amended as follows:

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

Under 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 Area Development 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

See Washington-Specific FDD

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _________ day of ____ 20__.

FRANCHISOR:	**FRANCHISEE:**
SAFESPLASH BRANDS, LLC **d/b/a STREAMLINE BRANDS**	___________________________________
By:_________________________________	By: ________________________________
Title:_______________________________	Title: ______________________________

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated ________________________________, the Area Development Agreement (if any) dated ___________________________________ and of the Franchise Disclosure Document.

DATED _________________________.

FRANCHISOR:	**FRANCHISEE:**
SAFESPLASH BRANDS, LLC **d/b/a STREAMLINE BRANDS**	___________________________________
By:________________________________	By:________________________________
Title:______________________________	Title:______________________________

EXHIBIT J

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

SAMPLE GENERAL RELEASE

GENERAL RELEASE

This General Release ("**Release**") made on __________, by and between SafeSplash Brands, LLC d/b/a Streamline Brands, a limited liability company formed under the laws of the State of Colorado ("**Franchisor**") and each of the undersigned individuals / partnerships / corporations / limited liability companies (jointly and severally, the "**Franchisee**").

WITNESSETH:

WHEREAS, Franchisee acquired from Franchisor the right to operate a franchise ("**Franchised Business**") pursuant to the SafeSplash Brands, LLC d/b/a Streamline Brands Franchise Agreement between Franchisor and Franchisee dated _____________ ("**Franchise Agreement**");

WHEREAS, Franchisee has elected to assign and transfer the Franchise Agreement and all Franchisee's rights thereunder in accordance with the terms of the Franchise Agreement; and

WHEREAS, Franchisor has agreed to consent to such assignment and transfer on condition that, among other things, Franchisee execute this Release.

NOW, in consideration of the above and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and intending to be legally bound hereby, Franchisee and Franchisor hereby agree as follows:

1. Release. Franchisee hereby absolutely and forever releases and discharges Franchisor and its Related Parties (as defined below), from and against any and all Claims (as defined below) of Franchisee arising out of or relating to the offer or sale of the Franchise Agreement, including violations of any federal or state law, rule or regulation pertaining thereto. "**Related Parties**" means predecessors, affiliates, agents, employees, successors, assigns and their respective officers, directors, shareholders, heirs, executors and representatives. "**Claims**" means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time before this time ever had, owned or held, or at any time after this time has, owns or holds. Franchisee hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part upon any Claim released hereunder.

2. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. This Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

3. Acknowledgement. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party's rights from legal counsel of its choice.

4. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrongdoing by any party hereto.

5. No Assignment. Franchisee represents and warrants to Franchisor that it has not assigned, transferred or conveyed to any third party all or any part of or partial or contingent interest in any of the released matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise and that it shall not after this time purport to assign, transfer or convey any such claim.

6. Choice of Law. This Release shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Colorado. If any legal action is necessary to enforce the terms and conditions of this Release, the parties hereby agree that any action sought to be brought by either party, shall be brought in the appropriate state or federal court covering Denver, Colorado, with jurisdiction over the matter.

IN WITNESS, WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed this Release in multiple copies the day and year first above written.

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

By:_______________________________________

Title: _____________________________________

FRANCHISEE:

By:_______________________________________

Title: _____________________________________

EXHIBIT K

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

PROMISSORY NOTE

EXHIBIT K

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

PROMISSORY NOTE

$_________ Date: ____________

For Value Received, the undersigned_______________________________________, ("**Maker**") hereby promises to pay to the order of SafeSplash Brands, LLC d/b/a Streamline Brands, a Colorado limited liability company ("**Payee**"), at its office located at 12240 Lioness Way, Parker, Colorado 80134, or at such other place or to such other party or parties as a holder of this Promissory Note may, from time to time designate, in lawful money of the United States of America, the principal sum of____ Dollars ($____________)), with interest thereon from the date hereof at the rate of ___%, per annum on the unpaid balance of said principal sum until paid (to be adjusted annually thereafter).

Maker promises to pay the principal and interest in equal installments ("**Principal and Interest Payments**") of____ Dollars ($____________) each, on the first day of each and every month, beginning on the first day of the month immediately following the Maker's completion of training at the Colorado office of the Payee and continuing until the first day of the forty-eighth (48th) month immediately following the Maker's completion of training at the Colorado office of the Payee, or until all principal and interest are fully paid, in accordance with the appropriate amortization schedule attached hereto as **Exhibit A.** Maker agrees that all such Principal and Interest Payments shall be tendered to Payee via ACH electronic withdrawal on their respective due dates.

It is agreed that each Principal and Interest Payment, when paid, shall be credited first on interest then due and the remainder on principal and interest shall thereupon cease upon the principal then credited. Should the interest not be so paid, it shall, at the sole option of the holder of this Promissory Note, become a part of the principal and thereafter bear like interest as the principal. Any payment not received by the 10th day of the month shall bear interest at the highest legal rate allowed by law and shall be subject to a late payment fee of $200.00 for each payment not paid by the 10th of each month. Any amounts incurred herein as interest or late payments shall either be paid as consideration for the reinstatement of this Promissory Note, or at Payee's sole discretion, added to the principal balance of the Promissory Note. No additions to the Promissory Note shall extend the final payment date set forth in this Promissory Note. A copy of the amortization schedule for each repayment period under this Promissory Note is attached hereto as **Exhibit A** and incorporated by reference as though fully set forth herein.

The acceptance by Payee of payment after any default hereunder shall not operate to extend the time of payment of any amount(s) then remaining unpaid hereunder and shall not be considered a waiver of any of the other rights of Payee, hereunder.

This Promissory Note shall become due and payable immediately at the option of the holder of this Promissory Note, without demand or notice upon the happening of any of the following events:

(a) The failure to pay when due any installment of the principal and interest of this Promissory Note.

(b) The failure to timely keep or properly perform any of the recitals, covenants, conditions, representations, warranties, obligations or guarantees contained in any agreement between Maker and Payee.

(c) The levy of any attachment, execution or any other process against all or any other part of the assets of the Maker.

(d) The failure to pay, withhold, collect or remit any tax or tax deficiency when assessed or due.

(e) The suspension of the business of Maker, or the making of a general assignment for the benefit of creditors, or the commencement of proceedings for dissolution or liquidation, or the commencement of proceedings under any bankruptcy, insolvency, readjustment of debt or liquidation law or statute of the federal or state governments, or the adjudication as a bankrupt or insolvent, or the involuntary appointment of a receiver, or applications therefore, or the making of a bulk sale or the giving of notice of intention to do so.

(f) At any time when, in the sole opinion of Payee, Maker's financial responsibility shall become impaired or unsatisfactory.

In the event an attorney is employed by the holder of this Promissory Note to enforce any of its terms, then the losing party in any lawsuit shall pay reasonable costs and attorneys' fees in connection therewith and such amount shall be secured hereby.

The undersigned shall all be deemed Makers and will be jointly, severally and individually liable as Makers.

There shall be no penalty for pre-payment of any portion of this Promissory Note prior to its maturity.

A DEFAULT ON THIS PROMISSORY NOTE SHALL BE A DEFAULT OF THE FRANCHISE AGREEMENT.

This Promissory Note is to be construed in accordance with the laws of the State of Colorado. Venue and jurisdiction are expressly declared to be in the State of Colorado.

MAKER: ______________________________ ______________________________
Signature Print Name

______________________________ ______________________________
Signature Print Name

EXHIBIT L

SAFESPLASH BRANDS, LLC d/b/a STREAMLINE BRANDS

STATE EFFECTIVE PAGE AND RECEIPT

State Effective Dates

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

This Franchise Disclosure 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	October 10, 2022
Florida	May 13, 2022
Illinois	October 21, 2022
Indiana	June 30, 2022
Maryland	See Maryland-specific FDD
Michigan	July 1, 2022
Minnesota	July 27, 2022
New York	
Rhode Island	July 1, 2022
South Dakota	June 10, 2022
Utah	July 7, 2022
Virginia	August 29, 2022
Washington	See Washington-specific FDD
Wisconsin	June 10, 2022

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 L

RECEIPT
(Retain This Copy)

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

If SafeSplash Brands, LLC d/b/a Streamline Brands offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, SafeSplash Brands, LLC d/b/a Streamline Brands or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, SafeSplash Brands, LLC d/b/a Streamline Brands must provide this disclosure document to you at your first personal meeting to discuss the franchise. Under New York law, if applicable, SafeSplash Brands, LLC d/b/a Streamline Brands must provide this disclosure document to you at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SafeSplash Brands, LLC d/b/a Streamline Brands does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency identified on **Exhibit A**.

The name, principal business address and telephone number of the Franchise Seller offering the franchise is Paul Gerrard, 12240 Lioness Way, Parker, Colorado 80134 and (303) 799-1885.

Issuance Date: June 7, 2022

See **Exhibit A** for our registered agents authorized to receive service of process.

I have received a disclosure document, dated June 7, 2022, that included the following Exhibits:

EXHIBIT A:	List of State Administrators and Agents for Service of Process
EXHIBIT B:	Franchise Agreement
EXHIBIT C:	Area Development Agreement
EXHIBIT D:	Operations Manual Table of Contents
EXHIBIT E:	List of Current Franchisees, Licensees and Company-Owned and Affiliate-Owned Locations
EXHIBIT F:	Franchisees Who Left the System
EXHIBIT G:	Financial Statements
EXHIBIT H:	Statement of Franchisee
EXHIBIT I:	State-Specific Addenda
EXHIBIT J:	Sample General Release
EXHIBIT K:	Promissory Note
EXHIBIT L:	State Effective Page and Receipt

Date on which I received the referenced disclosure document: ______________.

____________________	____________________	____________________
Date	Signature	Printed Name

EXHIBIT L

RECEIPT
(Our Copy)

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

If SafeSplash Brands, LLC d/b/a Streamline Brands offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, SafeSplash Brands, LLC d/b/a Streamline Brands or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island or South Dakota law, if applicable, SafeSplash Brands, LLC d/b/a Streamline Brands must provide this disclosure document to you at your first personal meeting to discuss the franchise. Under New York law, if applicable, SafeSplash Brands, LLC d/b/a Streamline Brands must provide this disclosure document to you at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SafeSplash Brands, LLC d/b/a Streamline Brands does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency identified on **Exhibit A**.

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EXHIBIT J:	Sample General Release
EXHIBIT K:	Promissory Note
EXHIBIT L:	State Effective Page and Receipt

Date on which I received the referenced disclosure document: ______________.

____________________	__________________________	__________________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature and return it to Paul Gerrard at 12240 Lioness Way, Parker, Colorado 80134.