

## FRANCHISE DISCLOSURE DOCUMENT



TUTORING CLUB, LLC, a Nevada Limited Liability Company  
11241 S. Eastern Avenue  
Henderson, NV 89052  
Phone: (702) 588-5288 Website: [www.tutoringclub.com](http://www.tutoringclub.com)  
Email: [franchise@tutoringclub.com](mailto:franchise@tutoringclub.com)

As a franchisee, you will operate an education business that provides individualized academic assistance to students of all ages and ability levels. From early learning to college preparation, your business will serve as a dedicated partner to families at every step of their child's academic journey.

The total investment necessary to begin operation of a Tutoring Club® franchise is between ~~\$78,830–88,750~~ - ~~\$127,730~~162,650. This includes ~~\$55,500–50,330~~ that must be paid to the franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format; to discuss the availability of disclosures in different formats, please contact ~~Daniel Pinkney~~Liam Powers, Tutoring Club, EEC, 11241 S. Eastern Avenue, Henderson, Nevada 89052, phone: (702) 588-5288 or email: [franchise@tutoringclub.com](mailto:franchise@tutoringclub.com).

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

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

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

Issuance Date: ~~June 29, 2021~~April 12, 2023

### **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:

| <b>QUESTION</b>                                                                          | <b>WHERE TO FIND INFORMATION</b>                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                              | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G. |
| <b>How much will I need to invest?</b>                                                   | 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.                                                                  |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit C includes financial statements. Review these statements carefully.                                                                                                                                                                    |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                              |
| <b>Will my business be the only Tutoring Club® business in my area?</b>                  | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                             |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                      |
| <b>What's it like to be a Tutoring Club® franchisee?</b>                                 | Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.                                                                                                                                           |
| <b>What else should I know?</b>                                                          | 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 requires you to resolve disputes with us by arbitration or litigation only in the county where our principal office is located (currently Clark County, Nevada). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in Nevada than in your own state.

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

## MICHIGAN SPECIFIC-NOTICE

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:

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

franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

At your option, in the event that our most recent financial statements are unaudited and show a net worth of less than \$100,000.00 then we will, at your request, arrange for the escrow of your initial investment and other funds paid by you until our obligations to provide real estate, improvements, equipment, inventory, training, or other items included in this franchise offering are fulfilled.

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 the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

## TABLE OF CONTENTS

| <u>ITEM</u>                                                                                 | <u>PAGE</u>             |
|---------------------------------------------------------------------------------------------|-------------------------|
| ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....                     | 1                       |
| ITEM 2 BUSINESS EXPERIENCE .....                                                            | 2                       |
| ITEM 3 LITIGATION.....                                                                      | 2                       |
| ITEM 4 BANKRUPTCY .....                                                                     | <del>3</del> <u>2</u>   |
| ITEM 5 INITIAL FEES .....                                                                   | 3                       |
| ITEM 6 OTHER FEES.....                                                                      | 3                       |
| ITEM 7 ESTIMATED INITIAL INVESTMENT.....                                                    | <del>7</del> <u>6</u>   |
| ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....                               | <del>9</del> <u>8</u>   |
| ITEM 9 FRANCHISEE’S OBLIGATIONS .....                                                       | 12                      |
| ITEM 10 FINANCING .....                                                                     | 13                      |
| ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND<br>TRAINING .....        | 14                      |
| ITEM 12 TERRITORY .....                                                                     | 21                      |
| ITEM 13 TRADEMARKS.....                                                                     | <del>23</del> <u>22</u> |
| ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....                               | 24                      |
| ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE<br>FRANCHISE BUSINESS..... | 25                      |
| ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....                                   | 25                      |
| ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....                         | 26                      |
| ITEM 18 PUBLIC FIGURES.....                                                                 | <del>29</del> <u>28</u> |
| ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....                                          | 29                      |
| ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....                                             | <del>32</del> <u>29</u> |
| ITEM 21 FINANCIAL STATEMENTS .....                                                          | <del>35</del> <u>32</u> |
| ITEM 22 CONTRACTS.....                                                                      | <del>35</del> <u>33</u> |
| ITEM 23 RECEIPTS.....                                                                       | <del>36</del> <u>33</u> |

## EXHIBITS

- A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- ~~B. UNIT FRANCHISE AGREEMENT~~
- C. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
- D. FINANCIAL STATEMENTS
- E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- F. LIST OF TUTORING CLUB FRANCHISEES
- G. LIST OF FORMER FRANCHISEES
- H. STATE-SPECIFIC ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT
- I. GENERAL RELEASE FORM
- J. FRANCHISE RELATIONSHIP ACKNOWLEDGMENT
- K. RECEIPT

State-specific addenda to the Franchise Agreements are attached as “Exhibit B” to the Unit Franchise Agreement.





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

To simplify the language in this disclosure document, the words “we,” “us,” or “our” means Tutoring Club, LLC, the franchisor of this business. The words “you” or “your” means the person who buys the franchise whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

**The Franchisor, its Parent, and Affiliates**

We are a Nevada limited liability company that was formed on April 1, 2006. Our principal business address is 11241 S. Eastern Avenue, Henderson, NV 89052. We do business under the names “TUTORING CLUB,” “TUTORING CLUB, LLC,” and certain other trade names and trademarks (the “Marks”). We do not do business or intend to do business under any other names. We do not do any business other than franchising and operating Tutoring Club Centers.

We have operated one or more businesses similar to the franchises offered hereunder and have offered franchises since our formation in April 2006. We do not offer franchises in any other lines of business.

We have no parent company or any affiliates that offer franchises in any line of business or provide products or services to our franchisees. We do not have any predecessors during the 10-year period immediately before the close of our most recent fiscal year.

**The franchise**

We grant franchises for tutoring businesses that operate under the Marks (“Tutoring Centers”). As a franchisee, you will conduct business operating a Tutoring Center (the “franchised Business”) with office and classroom space that specializes in providing tutoring services, homework assistance and the general development of study skills for school-age children (the “Approved Services”).

We require you to operate your franchised Business in accordance with our System. The TUTORING CLUB System includes, but is not limited to, the TUTORING CLUB Operations Manual (“Operations Manual”); the proprietary TUTORING CLUB software (“Software”); branded identification materials; branded client services; uniform operation guidelines; methods, forms and procedures for operations; procedures for quality control; training and ongoing operational assistance; advertising as well as marketing/promotional programs; all of which may be changed, improved, and further developed us from time-to-time (the “System”).

Your franchised Business will be governed under the terms and conditions of the franchise Agreement, attached as Exhibit B, which more particularly describes your rights and obligations.

**Market and Competition**

You will offer your services to parents of school-age children. Generally, you will offer these services throughout the full year. The market for our services is well-developed and highly competitive. You will compete with other private tutors, tutoring centers, learning centers and educational institutions (some of which may be government-funded) offering similar services, some of which are part of national or regional franchised and non-franchised chains. You may also compete with other Tutoring Centers.

**Industry-Specific Regulations**

In some states, tutoring facilities must have separate male and female restrooms, among other regulations. Under the Franchise Agreement and under the applicable law of some states, you may be required to conduct criminal background checks on your employees and independent contractors before they may provide services

to customers. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses. Otherwise, we are not aware of any industry-specific regulations.

There may be other laws and codes applicable to your Tutoring Center, and we urge you to make further inquiries about those laws and codes. You will need to check at the state and local level to see if there are any applicable regulations in your area.

#### Agents for Service of Process

If we have an agent in your state for service of process, we disclose that agent in Exhibit A to this Franchise Disclosure Document.

### **ITEM 2** **BUSINESS EXPERIENCE**

#### President & Chief Executive Officer: David Hill

David Hill has been our President since December 2015. From March 2014 to December 2015, Mr. Hill was Vice President, and since December 2015 has been President, of TC California, EEC, which operates four Tutoring Centers in San Diego, California. Since January 2004, he has been Managing Partner of TC Hill Powers, EEC (formerly HILLCO Tutoring and School Success, EEC), which operates Tutoring Centers in Huntington Beach, Bakersfield, and Clovis, California.

#### Vice President & Chief Operations Officer: Daniel Pinkney

Daniel Pinkney ~~is our COO and~~ has been our Vice President and COO since December 2015. From May 2009 to the present, Mr. Pinkney has been President of TC Educators of Nevada, EEC, which operates three Tutoring Centers in the Las Vegas, Nevada area.

#### Vice President & Chief Communications Officer: Liam Powers

Liam Powers ~~is our CCO and~~ has been our Vice President and COO since December 2015. Prior to assuming this role, he was a partner in TC Hill Powers, EEC (formerly HILLCO Tutoring and School Success, EEC), which operates Tutoring Centers in ~~Huntington Beach~~ Fountain Valley, Bakersfield, and Clovis, California; ~~from February 2017 through December 2015.~~

### **ITEM 3** **LITIGATION**

No litigation information is required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

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

## ITEMS INITIAL FEES

### ITEMS INITIAL FEES

#### Unit Franchise

You must pay us an initial franchise fee of \$34,500 in a lump sum when you sign the Franchise Agreement. If you are an honorably discharged veteran of the United States Armed Forces, we will discount our initial franchise fee for your first location by twenty percent (20%). We may agree to finance a portion of this amount (See Item 10).

#### Supply and Software License Fees

You must purchase from us an initial start-up package of items for each Tutoring Center you purchase, at the time that you sign ~~an individual~~ the Franchise Agreement for that Tutoring Center (the "Start-Up Package") • The cost of the Start-Up Package is ~~\$15,000~~20,000, plus an additional cost for shipping between \$500 and \$2,000, and includes tables, chairs, office desk, interior signage, bookshelves, and educational materials. You also must pay us your first month's license fee of ~~\$110~~250 for the proprietary Tutoring Club Software ~~and thereafter you will pay our then current monthly license fees, currently \$110, for the term of your Franchise Agreement.~~ All of the fees for the Start-Up Package and the license fees for the proprietary Tutoring Club Software are payable to us or our affiliates. We may agree to finance a portion of this amount (See Item 10).

#### Training Fees

We will provide initial training and training materials for you and the person you propose to manage the day- to-day affairs of your Tutoring Center (your "Director"), if any, at no extra charge to you. If you wish to bring more than two people to our initial training program, you must pay a fee of \$300 per person, per day of training. You must also pay for the travel, meal, lodging, and incidental expenses for each person who attends training (including yourself, if applicable).

None of the initial fees are refundable under any circumstances. These initial fees are uniform to all franchisees under this offering.

### ITEM 6 OTHER FEES

| Type of Fee               | Amount                                                                                                                         | Due Date                                                            | Remarks                                                                                                                                                                                                     |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee               | 10% of Gross Revenue <sup>1,2</sup>                                                                                            | Payable monthly by the 10 <sup>th</sup> day of each month           | Royalty Fees are calculated based on Gross Revenue for the previous calendar month.<br>We reserve the right to withdraw amounts due by Electronic Funds Transfer ("EFT") from your designated bank account. |
| Brand Fund <sup>2,3</sup> | Our fee, as published in the Operations Manual, up to 5% of Gross Revenue. Our current Brand Fund is 1% of your Gross Revenue. | Payable monthly and in the same manner as Royalty Fees <sup>2</sup> | You must contribute to the Brand Fund each month to support our advertising efforts for the System.                                                                                                         |

Type of Fee

Amount

Due Date

Remarks

Revenue. manner  
Our as  
current Royalty  
Brand Fees<sup>2</sup>  
Fund is  
1% of

*your  
Gross  
Revenue.*

|                                                 |                                       |                                                                     |                                                                                                                                          |
|-------------------------------------------------|---------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Tutoring Club Software License Fee <sup>2</sup> | <del>\$110</del> <u>250</u> per month | Payable monthly and in the same manner as Royalty Fees <sup>2</sup> | You are required to lease from us the right to use the Tutoring Club Software. We have the right to increase this fee from time-to-time. |
|-------------------------------------------------|---------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|

| Type of Fee                                                                         | Amount                                                                                                    | Due Date                                                            | Remarks                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Costs                                                                         | Cost of audit, plus expenses                                                                              | Upon receipt of invoice.                                            | Payable if the audit shows an underpayment of fees of at least 3% in any month, or if you fail to cooperate with our audit.                                                                                                                                                                                              |
| Inspection Fee                                                                      | Current rates as published in the Operations Manual, plus expenses                                        | Upon receipt of invoice.                                            | Payable if you are unable to give us adequate assurance of your compliance with System standards and, as a result, we must inspect your Tutoring Center.                                                                                                                                                                 |
| Relocation Fee                                                                      | Our charges and expenses relating to your relocation, including legal and accounting                      | Upon relocation                                                     | You pay for our expenses in considering any request for relocation.                                                                                                                                                                                                                                                      |
| Operation of the Franchised Business in Case of Your Default, Incapacity, or Death. | Current rates as published in the Operations Manual; currently, \$300 per person per day plus expenses    | Monthly after time of service and at the same time as Royalty Fees. | We may operate Franchised Business if you fail to cure certain defaults within the applicable cure period, or if you die or become incapacitated and leave your Franchised Business without an operator.                                                                                                                 |
| Late Fees                                                                           | \$100 plus 1.5% per month (or highest legal rate)                                                         | After due date                                                      | Payable only if you fail to pay us on time for any amounts owed                                                                                                                                                                                                                                                          |
| Dishonored Payment Fee                                                              | \$100                                                                                                     | After due date                                                      | Payable only if any payment you make to us is not honored by your financial institution.                                                                                                                                                                                                                                 |
| Insurance Policies                                                                  | Amount of unpaid premiums, plus an administrative fee equal to 20% of the cost of such premiums.          | Upon receipt of invoice.                                            | Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. You must have the policies at the earlier of:<br>(a) 90 days after signing the Franchise Agreement; or (b) before you acquire an interest in the real property on which you will operate your Tutoring Center. |
| Transfer Fee (Unit Franchise)                                                       | 50% of the then-current franchise fee for a startup franchise at the time of the transfer.                | At the time of transfer                                             | This transfer fee will not apply if you are an individual transferring to a new legal entity wholly owned by you.                                                                                                                                                                                                        |
| <i>Additional Training</i>                                                          | <i>Current rates as published in the Operations Manual; currently, \$300 per day plus expenses</i>        | <i>Time of service</i>                                              | <i>We provide initial training at our headquarters for you and your initial Director. You must pay for any additional training or trainees.</i>                                                                                                                                                                          |
| Type of Fee                                                                         | Amount                                                                                                    | Due Date                                                            | Remarks                                                                                                                                                                                                                                                                                                                  |
| Site Evaluation Assistance                                                          | Current rates as published in the Operations Manual; currently, \$300 per day plus expenses               | Time of service                                                     | At your request, we will provide onsite assistance in evaluating proposed sites for your Tutoring Center.                                                                                                                                                                                                                |
| <i>Additional Assistance</i>                                                        | <i>Current rates as published in Operations Manual; currently, \$300 per day per person plus expenses</i> | <i>Time of assistance</i>                                           | <i>We provide 1 day of assistance to you within about 2 months after you begin operations, at no cost to you. You will pay for any additional assistance from us if you request it.</i>                                                                                                                                  |
| Other Training                                                                      | You are required to pay your expenses as well                                                             | Time of program                                                     | Attendance will not be required more than 4 days each year.                                                                                                                                                                                                                                                              |

| <b>Type of Fee</b>                          | <b>Amount</b>                                                                                                                                                                                                                                                                 | <b>Due Date</b>                                                  | <b>Remarks</b>                                                                                                                                                                                 |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             | <u>initial training as you and your initial Director.</u>                                                                                                                                                                                                                     |                                                                  |                                                                                                                                                                                                |
| National Conference Non-Attendance Fee      | \$1000                                                                                                                                                                                                                                                                        | Upon receipt of invoice.                                         | Payable if you do not receive prior written authorization by Us, excusing your presence at the annual conference based on extenuating factors (i.e. medical emergency or death in the family). |
| Cost of Enforcement or Defense <sup>4</sup> | All costs including attorneys' fees                                                                                                                                                                                                                                           | Upon settlement or conclusion of claim or action                 | You must reimburse us for all of the costs we incur in enforcing our obligations under the Franchise Agreement if we prevail.                                                                  |
| Indemnification                             | All costs including attorneys' fees                                                                                                                                                                                                                                           | Upon settlement or conclusion of claim or action                 | You must defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business.                                          |
| Pre-Payments                                | All funds taken from customers for services that have not yet been fully delivered as of the date of termination and/or expiration of the Franchise Agreement.                                                                                                                | Upon expiration or termination of the Franchise Agreement.       | You must either refund all prepayments, or, in our discretion, pay such prepayments to us or our designee, upon the expiration or termination of the Franchise Agreement.                      |
| <b>Type of Fee</b>                          | <b>Amount</b>                                                                                                                                                                                                                                                                 | <b>Due Date</b>                                                  | <b>Remarks</b>                                                                                                                                                                                 |
| Liquidated Damages                          | The combined monthly average of Royalty Fees you pay us from the date you begin operating your Franchised Business through the date of early termination, multiplied by the greater of: (i) twenty-four (24) months, or (ii) the number of full months remaining in the Term. | Within ten (10) days of the early termination of your franchise. | Due only if we terminate the Franchise Agreement before the end of the term because of your material breach.                                                                                   |

All fees listed in this Item are uniformly imposed by us as to all franchisees, and are non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors' and suppliers' own policies. This chart does not include fees for which you are responsible to others, including, but not limited to, your local government agencies, regulatory agencies, professional organizations, local marketing and advertising companies, your landlord, utilities, and insurance companies.

#### NOTES:

<sup>1</sup> Gross Revenue. The term "Gross Revenue," means the total of all revenues and sales from all TUTORING CLUB services and products. Gross Revenue will not include the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. The amount of any documented refunds, chargebacks, credits and allowances you give in good faith to your customers will also not be part of your Gross Revenue. If you furnish services and/or products as barter in exchange for goods or services, those services and/or products will, for the purpose of determining Gross Revenue, be valued at their full retail value. The full retail value of any gift certificate or coupon sold for use at or for the Franchised Business will

also be part of your Gross Revenue; in other words, fees retained by or paid to third party sellers of gift certificates or coupons will not be excluded from your Gross Revenue.

<sup>2</sup> Payment of Recurring Fees. All of your royalties, advertising contributions, amounts due for purchases from us and other amounts which you owe to us may, at our option, be required to be paid through an electronic depository transfer account as further described in the Operations Manual. If required, you must set up such an account and we will have access to that account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for your purchases from us and any other amounts which you owe to us or our affiliates. Every month, you must make deposits to the account sufficient to cover amounts owed to us (or our affiliates) for Royalty Fees, advertising contributions and other funds owed us for the preceding month. Deposits for all other amounts owed to us must be in accordance with the procedures stated in the Operations Manual.

If you fail to send us monthly financial reports that we require within the required time, or if your financial reports are insufficient for us to determine your Gross Revenue, we have the right to deliver to you an estimate, created by us, of your Gross Revenue for the period under consideration. You will be required to immediately pay to us the Royalty Fee, Brand Fund, Software License Fee and other sums due based on our estimate of your Gross Revenue. Any such estimate will be final and binding upon you.<sup>+</sup>

<sup>3</sup> Brand Fund. We reserve the right to determine, in our sole and absolute discretion, the exact percentage of Gross Revenue that our franchisees will be required to pay for the Brand Fund. This fee, which is currently one percent (1%) of your Gross Revenue, will not be more than five percent (5%) of your Gross Revenue, and is payable at the same time and in the same manner as the Royalty Fee.

<sup>4</sup> Costs of Enforcement or Defense. If we hire a collection agency or an attorney to collect from you money that is past due, we are entitled to reimbursement from you for all costs and expenses that we incur in doing so, including reasonable attorneys' fees.

<sup>5</sup> Liquidated Damages. Liquidated damages are determined by calculating the combined monthly average of Royalty Fees you pay us from the date you begin operating your Franchised Business through the date of early termination, multiplied by the greater of: (i) twenty-four (24) months, or (ii) the number of full months remaining in the Term.

**ITEM?**

---

~~1Brand Fund. We reserve the right to determine, in our sole and absolute discretion, the exact percentage of Gross Revenue that our franchisees will be required to pay for the Brand Fund. This fee, which is currently~~

## ESTIMATED INITIAL INVESTMENT

| ESTIMATED INITIAL INVESTMENT                       |                                                                   |       |                                  |                                      |                                                       |
|----------------------------------------------------|-------------------------------------------------------------------|-------|----------------------------------|--------------------------------------|-------------------------------------------------------|
| Type of Expenditure                                | Amount-<br>Estimated                                              | Range | Method<br>of<br>Payment          | When Due                             | To Whom Payment is to be<br>Made                      |
| Initial Franchise Fee                              | \$34,500                                                          |       | Lump Sum                         | Upon signing the Franchise Agreement | Us                                                    |
| Real Estate / Rent <sup>1</sup>                    | \$4,500 to \$18,000                                               |       | As Arranged                      | As Arranged                          | Landlord                                              |
| Utility Deposits                                   | \$0 to \$400                                                      |       | As Arranged                      | As Arranged                          | Landlord and utility company                          |
| Leasehold Improvements <sup>2</sup>                | <del>\$0</del> — <del>5,000</del><br><del>\$25,000</del> 50,000   |       | As Arranged                      | As Arranged                          | Landlord, contractor, approved suppliers              |
| Start-up Package <sup>3</sup>                      | <del>\$15,000</del> \$20,000                                      |       | Cashier's Check or Wire Transfer | Upon ordering                        | Us                                                    |
| Insurance <sup>4</sup>                             | \$500 to \$1,500                                                  |       | As Arranged                      | As Arranged                          | Insurance Carrier                                     |
| Start-up Package Shipping                          | \$500 - \$2,000                                                   |       | As Arranged                      | As Arranged                          | Us, Approved Suppliers                                |
| Software License Fee (first three months)          | <del>\$750</del>                                                  |       | As Arranged                      | As Arranged                          | Us                                                    |
| Type of Expenditure                                | Amount-<br>Estimated                                              | Range | Method<br>of<br>Payment          | When Due                             | To Whom Payment is to be<br>Made                      |
| Your Expenses for Attending Training <sup>5</sup>  | \$1,500 - \$4,000                                                 |       | As Incurred                      | As Incurred                          | Airlines, rental car agencies, hotels and restaurants |
| Grand Opening Advertising                          | \$7,500                                                           |       | As Arranged                      | First Three Months of Operation      | Approved Suppliers                                    |
| Permits / Professional Fees                        | \$500 - \$2,000                                                   |       | As Arranged                      | As Arranged                          | Licensing Authority                                   |
| Signage                                            | \$3,000 - \$6,000                                                 |       | As Arranged                      | As Arranged                          | Approved Suppliers                                    |
| Additional Funds for first 3 months <sup>6</sup>   | <del>\$10,830</del><br><del>\$16,330</del> \$10,500-<br>\$16,000  |       | As Arranged                      | As Necessary                         | You Determine                                         |
| TOTAL ESTIMATED <sup>7</sup><br>INITIAL INVESTMENT | <del>\$78,830</del><br><del>\$127,730</del> \$88,750<br>\$162,650 |       |                                  |                                      |                                                       |

### NOTES

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Tutoring Center. Other than financing all or a portion of your initial fee and Start-up Package under the circumstances identified in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan. The estimate does not include any finance charge, interest or debt service obligation or your living expenses.

The factors underlying our estimates may vary depending on ~~a number of several~~ variables, and the actual investment you make in developing and opening your Franchised Business may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. None of the amounts you pay to us or our affiliates are refundable. Whether the money you pay to third parties is refundable will depend on your arrangements with them.



<sup>1</sup> Real Estate / Rent. The floor area recommended for a Tutoring Center is 1,000 to 1,800 square feet. The high estimate represents a lease rate of \$40 per square foot for 1,800 square feet of space. The low estimate represents a rate of \$18 per square foot for 1,000 square feet of space. Additionally, there may be lease acquisition costs in the nature of deposits. The figures listed in this Item may vary substantially from location to location. We anticipate that most of our franchisees will lease space for their Tutoring Centers. As a result, these amounts do not reflect costs for the purchase of real estate for your Tutoring Center, which also would result in a significantly greater initial investment.

leasehold Improvements. Initial leasehold improvements are required before operation. These costs can vary substantially based on the size of the business; requirements of a particular landlord; whether or not the improvements are capitalized as part of the lease; local market conditions, including the availability and prices of labor and materials; the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; and any construction or other allowances the landlord grants. These costs do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a "vanilla ~~shell~~" shelf space that, at a minimum, includes finished floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Tutoring Center.

<sup>3</sup>Start-up Package. You must order the Start-Up Package and pay the fee at least 60 days before your Franchised Business is scheduled to open. We will not order your items until you have paid for the Start-Up Package.

insurance. A 25% down payment of the approximate annual premium is reflected in the lower amount. The total approximate annual premium is represented by the high estimate. The exact dollar amount of your insurance payment will be determined by the geographic location of the Tutoring Center and the number of employees that you are covering.

<sup>5</sup>Your Expenses for Attending Training. You are responsible for arranging transportation and paying the expenses for meals and lodging for any persons attending the training program. The amount expended will depend on the distance you must travel and the type of accommodations you choose. The estimate contemplates attendance by you and up to one employee traveling to our Fountain Valley Tutoring Club or other designated location for approximately 2 weeks.

Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including sales taxes, recruitment, on-site training expenses, ~~three months' license fees for Tutoring Club Proprietary Software,~~ payroll processing, janitorial services as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cleaning, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This item also includes the estimated cost of your local advertising expenses for the first three months that you operate the Tutoring Center. This estimate also includes the estimated cost of salaries for your employees, but does not include an estimated salary for you.

Such amounts are the minimum recommended levels of working capital to cover operating expenses during the first 3 months of operation, including employee's salaries for 3 months. This amount also includes your required local marketing expenditures for three months (\$2,000 per month for \$6,000 total). ~~However, we cannot guarantee that such an amount will be sufficient. Additional working capital may be required if your revenues are low or your costs are high.~~ In compiling this chart, we relied on our experience, and the experience of the individuals identified in Item 2, as the owners of Tutoring Centers similar to the Tutoring Center that we are offering to you.

<sup>7</sup> Independent Investigation. You should conduct your own independent investigation of the costs of opening a tutoring business in the geographic area in which you intend to open your Tutoring Center. You should also review the figures stated in this Item carefully with a business advisor before making any decision to purchase a Tutoring Club® franchise.

The amounts shown are estimates only and may vary for many reasons including the size of your Tutoring Center, the capabilities of your management team, how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market demand for your services; the prevailing wage rate; competition; and the sales level reached during the initial period. For planning purposes, please note that most costs and expenses listed in this Item are not within our control and are affected by general economic conditions.

## **ITEMS**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Standards and Specifications**

To make sure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with our System Standards. System Standards may regulate, among other things: the types, models, and brands of fixtures, furniture, equipment, furnishings, and signs; products and supplies you must use in operating the Franchised Business; unauthorized and prohibited products and services; inventory requirements; and approved suppliers of these items. You are also required to adhere to the standards and specifications established from time-to-time by us with respect to insurance, office supplies and forms, operating procedures, computer programs, and advertising materials used in the operation of the Franchised Business. You must not deviate from our standards and specifications without obtaining our written consent first. We may, from time-to-time, modify our standards and specifications as we deem necessary.

We will communicate our standards and specifications to you in writing through the ~~Operating~~ Operations Manual, the Approved Suppliers List, and the Approved Supplies List. We do not make our criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

#### **Approved Supplies and Suppliers**

We will give you a list of approved manufacturers, suppliers and distributors authorized to supply various teaching and learning aids, desks, chairs, and shelving for the Franchised Business ("Approved Suppliers List") and a list of approved signs, stationery, supplies and other items or services necessary to operate the Franchised Business ("Approved Supplies List"). If specified by us, you must purchase all designated products, materials and other items and supplies used in the operation of the Franchised Business using the Approved Supplies List and Approved Suppliers List. We do not provide any material benefits to franchisees (e.g., renewal or granting of additional franchises) based on a franchisee's purchase of any particular products or services, or their use of approved suppliers, but we do reserve the right to require the purchase of designated products, materials and other items and supplies from specific approved suppliers as set forth above.

#### **Supplier Approvals**

If you would like to sell or use any product, material or supply or purchase any products from a supplier not on either of these lists, you must obtain our prior written approval. Upon our request, you will be required to submit samples and other information to us so that we can make an informed decision as to whether this product or supplier meets our standards.

Any item used in the Franchised Business which is not specifically required to be purchased in accordance with the Approved Suppliers List or the Approved Supplies List must conform to our established standards and specifications. We apply the following general criteria in approving a proposed supplier: ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier. We may revoke a supplier's approval if they no longer meet these general criteria. You will receive notice of our approval or disapproval of a proposed supplier within 30 days of our receipt of all pertinent information.

## Required Purchases

### *Start-Up Package*

We are currently the only approved supplier for the Start-Up Package, which is comprised of many of the items needed to furnish a new Franchised Business, including tables, chairs, office desk, interior signage, bookshelves, and educational materials. We offer the Start-Up Package to all new franchisees, and we derive revenues from the sale of these items by marking up our own cost by 15% or more. Because of volume buying power, the price of these items is at or below market price.

### *Inventory*

We may be the only approved supplier of inventory items for resale, which may include our proprietary lesson books. Currently, we are an approved supplier but we are not the only approved supplier of these inventory items.

### *Software and Computer System*

We have developed and custom designed a proprietary Software package known as the TUTORING CLUB Software, or TutorAid. We (or a third party we designate) will license the Software to you under the terms of the Franchise Agreement. We are the only approved suppliers for the Software.

We require you to purchase and/or lease and use any and all computer software programs which we may develop and/or designate for use by the System, and to purchase all computer hardware necessary for the efficient operation of the software. We may approve a computer system that you already own. You may purchase the hardware from any supplier, so long as the hardware meets our standards. We estimate that the cost of the computer hardware will be between \$0 (if you already own a computer that we approve of) and \$1,500. We reserve the right to be the only approved suppliers of the computer system, but presently, we are not a supplier or the only approved supplier of the computer system.

### *Real Estate*

You must purchase or lease real estate for your Tutoring Center according to the criteria that we will make available to you in the Operations Manual. You must provide us with a copy of your lease, and you must obtain your landlord's agreement to the provisions listed in Section 3.3 of the Franchise Agreement, which provide us (among other things) with the right to assume your lease in the event you default under the lease or your Franchise Agreement. We are not an approved supplier of the real estate for your Tutoring Center.

### *Insurance*

The Franchise Agreement requires you to furnish to us copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit. Insurance coverage must meet our minimum requirements. Premiums depend on the insurance carrier's charges, terms of payment, and your history. You must maintain suitable insurance coverage and minimum amounts specified in the Agreement, Operations Manuals or by written notice, including workers' compensation insurance as required by applicable law, errors and omissions, vehicle, and comprehensive general liability insurance.

~~You~~ you must name us as additional insured on your insurance policies and provide us with copies of the policies at the earlier of 30 days after the date of the Franchise Agreement or before obtaining an interest in the real property. Premiums depend on the insurance carrier's charges, terms of payment, and your history. You may purchase your insurance from any carrier subject to our approval, which we will not unreasonably withhold.

The following is a list of the required coverage with their respective minimum limits of coverage:

1. All "Risks" or "Special" form coverage insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business (which coverage must include flood and/or earthquake coverage, where there are known exposures to either peril, and theft insurance) for full repair as well as replacement value of the equipment, improvements and betterments, except that an appropriate deductible clause will be permitted.
2. Workers' Compensation and Employer's Liability insurance and any other insurance required by statute or rule of the state or county in which the Franchised Business is located and operated.
3. Commercial General Liability insurance, including a per premises aggregate including the following coverages: broad form contractual liability; personal and advertising injury; products/completed operations aggregate; medical payments and fire damage liability; and must be specifically endorsed to cover cyber liability risks. The policy must insure you and us against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business, including Commercial General Liability coverage in the following limits:

| <u>Coverage</u>                              | <u>Coverage</u> | Minimum     | Limits of |
|----------------------------------------------|-----------------|-------------|-----------|
| General Aggregate .....                      |                 | \$2,000,000 |           |
| Products/Completed Operations Aggregate..... |                 | \$1,000,000 |           |
| Personal and Advertising Injury .....        |                 | \$1,000,000 |           |
| Each Occurrence.....                         |                 | \$1,000,000 |           |
| Fire Damage (any one fire).....              |                 | \$100,000   |           |
| Medical Expense (any one person) .....       |                 | \$10,000    |           |

4. Business interruption insurance for actual losses sustained, for a minimum 6-month period.
5. Automobile Liability Insurance including owned, hired and non-owned vehicle coverage with a combined single limit of at least \$1,000,000.
6. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Business, or as we may require periodically.

#### Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that approximately 80% to 90% of your expenditures for leases and purchases in establishing your Franchised Business and approximately 90% of your expenditures on an ongoing basis will be for goods and services which are subject to sourcing restrictions, including the initial franchise fees that you must pay us (that is, for which supplies we must approve, or which must meet our standards or specifications, other than purchases from us). We estimate that approximately 2% of your expenditures on an ongoing basis, will be for goods and services purchased from us or our affiliates.

#### Purchasing Cooperatives. Purchasing Arrangements. Rebates. Payments, and Derived Revenue

We receive no revenue or other material consideration from any suppliers as a result of purchases by you or other franchisees. While we intend to pass through to you all revenue received from suppliers, we reserve the right to derive a profit from our arrangements with approved suppliers. Neither we, nor any of our affiliates, received revenue from any third party supplier from purchases of services and products by franchisees during the most recent fiscal year.

In ~~2020~~2022, we received \$~~27,805.56~~81,860, which represented approximately ~~1.95~~2.83% of our total annual revenues of \$~~1,418,874~~2,892,592, from required purchases by our franchisees. Otherwise, neither we, nor any of our affiliates, received revenues from purchases of services and products by our franchisees during our last fiscal year. We reserve the right to negotiate prices in the future for various products for the benefit of the System, including group rates (including price terms), as we deem appropriate, for purchases of supplies and furniture necessary for the operation of the Franchised Business.

There are currently no purchasing or distribution cooperatives within the System, but we reserve the right to create one or more such cooperatives. If we create such a cooperative, we reserve the right to require you to join it. We reserve the right to derive a profit from your purchasing products or supplies from a cooperative established by us.

Some of our officers own an equity interest in us (the franchisor), and we may be an approved supplier. 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 and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the disclosure document.**

| <b>Obligation</b>                                          | <b>Section in The Franchise Agreement</b>        | <b>Item in the disclosure document</b>        |
|------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------|
| a. Site selection and acquisition/lease                    | Sections 3.1, 3.3                                | Item 12                                       |
| b. Pre-opening purchases/leases                            | Sections 3.4, 5.10, 5.13                         | Items 7, 8                                    |
| c. Site development and other preopening requirements      | Section 3.4                                      | Items 6, 7, 11                                |
| d. Initial and ongoing training                            | Sections 4.2, 4.3, 4.4                           | Items 6, 11                                   |
| e. Opening                                                 | Section 3.5                                      | Item 11                                       |
| f. Fees                                                    | Section 8                                        | Items 5, 6                                    |
| g. Compliance with standards and policies/Operating Manual | Sections 5.3, 5.4, 5.9, 9                        | Item 8                                        |
| h. Trademarks and proprietary information                  | Section 10                                       | Items 13, 14                                  |
| i. Restrictions on products/services offered               | Sections 5.9, 5.12, 5.13                         | Items 8, 16                                   |
| j. Warranty and customer service requirements              | Section 5.9                                      | N/A                                           |
| k. Territorial development and sales quotas                | Section 5.2                                      | Item 12                                       |
| l. Ongoing product/service purchases                       | Sections 5.12, 5.13, 5.14                        | Items 8, 11                                   |
| m. Maintenance, appearance and remodeling requirements     | Sections 5.7, 5.10, 5.11                         | Items 6, 17                                   |
| n. Insurance                                               | Section 5.25                                     | Items 6, 7, 8                                 |
| o. Advertising                                             | Section 5.15                                     | Items 6, 11                                   |
| p. Indemnification                                         | Section 12.5                                     | Item 6                                        |
| q. Owner's participation/ management/staffing              | Section 4.1                                      | Item 15                                       |
| r. Records and reports                                     | Sections 8.10, 8.11, 8.12, 8.13                  | Items 9, 11                                   |
| s. Inspections and audits                                  | Section 12.2                                     | Items 6, 11, 13                               |
| t. Transfer                                                | Section 13                                       | Items 9, 17                                   |
| u. Renewal                                                 | Section 2.2;                                     | Item 17                                       |
| v. Post-termination obligations                            | Section 15                                       | Item 17                                       |
| <b><u>Obligation</u></b>                                   | <b><u>Section in The Franchise Agreement</u></b> | <b><u>Item in the disclosure document</u></b> |
| w. Non-competition covenants                               | Sections 12.1, 15.11                             | Item 17                                       |
| x. Dispute resolution                                      | Section 16                                       | Item 17                                       |
| y. Liquidated Damages                                      | Section 15.3                                     | Item 6                                        |

## **ITEM 10** **FINANCING**

We may offer to finance all or a portion of your initial fee (\$34,500) and Start-up Package (~~\$15,000~~20,000), in which case you will sign a Secured Promissory Note (Attachment T to the Franchise Agreement). As of the date of this Disclosure Document, we presently charge interest at a rate of 8% compounded annually (not to exceed the highest rate allowed by law) but we reserve the right to change the interest rate to reflect increases in prevailing interest rates.

The term of financing will typically be for 24 to 36 months, but may vary as we may determine on a case by case basis taking into account your individual needs and credit worthiness, among other factors. You may prepay all or any portion of your indebtedness without penalty.

If you fail to cure any default in the payment of any installment under the note within 5 days after written notice, we can at our option accelerate the entire amount of the debt, demand all overdue payments, repossess all of your equipment and other personal property, and terminate your license agreement and all other agreements you have with us. We can also recover from you our costs of collection, including court costs and attorney's fees. The entire remaining balance of principal and accrued interest under your Secured Promissory Note is due on any sale or other transfer of your business. The Secured Promissory Note provides that you waive presentment, demand, protest, notice of protest, notice of dishonor, any requirement that we proceed against any other person, demand of performance, notice of sale and advertisements of sale, any right of subrogation to us, and any right to the collateral until you satisfy all of your obligations.

You may pay the entire remaining balance of principal and accrued interest under your Secured Promissory Note at any time with no prepayment penalty.

To secure your obligations under your Franchise Agreement and any Secured Promissory Note, you grant us a security interest in all of your personal property used in operating your franchise, including inventory, fixtures, furniture, equipment, accounts, supplies and products. If you are a corporation or other business entity, we may require your owners to guarantee all of your obligations to us (Attachment ~~"C"~~ C to Franchise Agreement (Owners' Agreement)). We do not require any person, other than your owners to personally guarantee this obligation. We do not require you to waive any defenses or other legal rights to obtain this financing.

Presently, it is not our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement, nor do we receive any consideration for placing financing with third party lenders. We do not guarantee any note, lease or other obligation of yours.

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

**Except as listed below, Tutoring Club, EEC is not required to provide you with any assistance.~~A.~~**

A.     **Our Obligations Before the Franchised Business Opens.** Before you open your Franchised Business, we will:

1.       Make available to you, at no charge and at your request, site-selection criteria, standard layout plans and specifications for a prototypical Tutoring Center, including exterior and interior design and layout, fixtures, furnishings and signs. You will, at your expense, adapt the standard plans and specifications to your Tutoring Center. (Franchise Agreement, Section 6.2)

2.       At your request, provide on-site assistance for the purpose of evaluating and approving the site for your Tutoring Center, at your expense. We describe the site selection process later in this Item. (Franchise Agreement, Section 3.2)

3.       Provide an initial training program before the opening of the Franchised Business for you and your Director, which you and your Director will be required to attend. We describe our initial training program later in this Item. (Franchise Agreement, Sections 4.2, 6.3)

~~4.       Provide to you on-site supervision and assistance for 1 day, subject to the availability of our personnel and your schedule. (Franchise Agreement, Section 6.8)~~

~~4.~~     ~~5. Provide to you, on loan, one (1) copy of~~ Provide to you electronic access to the Operations Manual, containing mandatory and suggested specifications, standards and operating procedures and information relative to your obligations under the Franchise Agreement. We describe the Operations Manual later in this Item. (Franchise Agreement, Section 6.1)

~~6.~~

5.       License the proprietary TUTORING CLUB Software to you. (Franchise Agreement, Section 7.1)

~~6.~~     ~~7. Sell to you an initial start-up package of equipment and materials, which will include many of the items needed to furnish a new Tutoring Center, including tables, chairs, office desk, interior signage, bookshelves, and educational materials. We do not provide you with written specifications for these items, but at your request we will provide you with a list of the equipment and items that will be shipped to you. We will ship the items to you, subject to your paying for the shipping costs. We will not deliver or install the items. (Franchise Agreement, Section 3.5)~~

**B.     Typical Length of Time Before Operation.**

The typical length of time between the signing of the Franchise Agreement and the opening of your business is approximately ~~60 to 120~~ 90 to 150 days. The factors that may affect this length of time include obtaining a satisfactory site and obtaining our approval, your ability to obtain a lease, remodeling and decorating the site, obtaining building permits, zoning and local ordinances, weather conditions, installation of software and computer systems, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and installation of equipment, fixtures and signs. You must open your Tutoring Center within 6 months after signing the Franchise Agreement unless we otherwise approve in writing. (Franchise Agreement, Section 3.5)

**C.     Assistance with Site Selection**

We will not select the location of your Tutoring Center. We generally do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances and building codes is your responsibility. You select the site of the Tutoring Center within your exclusive territory. We will provide you with our site selection criteria, and we will use reasonable efforts to help you analyze your market area to assist you in the selection of the franchise location. Before leasing or purchasing space for your Tutoring Center, you must: (1) submit to us a written



description of the proposed site for our approval; (2) provide to us other information regarding the proposed site as we reasonably request; and (3) verify to us in writing that the proposed site meets our site selection criteria. We will then approve or disapprove the proposed site in our sole discretion.

We evaluate each proposed site and accept or do not accept each one on a case-by-case basis. The factors that we consider in acceptance of the site include population demographics, traffic patterns, population density, neighborhood, proximity to schools, proximity to competitors, and physical characteristics of the premises, such as size and layout. We do not guarantee the performance or success of any approved site regardless of our level of involvement in approving or assisting you in finding the location.

Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site which you have submitted for your Tutoring Center is within your Protected Territory and is a suitable site based upon our site selection criteria. We must feel that your proposed location meets or exceeds our standards, but our acceptance does not ensure that your Tutoring Center will be profitable at the approved location.

We will provide reasonable on-site assistance in evaluating proposed sites at your request. If you request this assistance, you must pay our daily fee, plus travel, lodging, meals, and other expenses we incur in providing you with this assistance.

We will approve or disapprove your proposed site within 30 days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your Tutoring Center. If we disapprove the proposed site, you must select an alternate site and repeat the site approval process until we approve a proposed site for your Tutoring Center. If we do not disapprove your site within 30 days, your site will be deemed approved. If you and we are unable to agree upon a suitable site within 6 months after the Effective Date, then we may terminate the Franchise Agreement for this reason, we will not refund any portion of the initial fees you paid us. (Franchise Agreement, Section 3).

#### D. Our Obligations and Optional Assistance After the Franchised Business Opens.

After you open your Franchised Business, we will:

1. Provide you with guidance and advice regarding prices for products and services that you will offer in your Tutoring Center; however, you are not bound by our recommendations. (Franchise Agreement, Section 6.11)
2. In our sole discretion, coordinate the presence of the System on the Internet, including, but not limited to: e-commerce, website use, social media, networking sites, and applications. This includes all national, regional, state, and local websites and mobile applications regarding System businesses. We have sole discretion and control over the design and contents of any website, social media, networking sites, and mobile applications using the Marks. Our website will include a section that provides the address and telephone number of your Tutoring Center, provided you are in compliance with the terms of the Franchise Agreement. (Franchise Agreement, Section 6.13)
3. Provide continuing advisory advertising, marketing, and promotional assistance and approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you. (Franchise Agreement, Section 5.15)

After you open your Franchised Business, we may provide the following assistance:

4. Refresher or supplemental training programs as we, in our sole discretion, deem appropriate. Training programs may be held in conjunction with a franchise conference, webinar, or other event as we deem appropriate. We may charge you for the cost of providing you the training materials (if any), and a tuition for any other training program. (Franchise Agreement, Sections 4.3, 6.3, 6.4)
5. Continuing advisory assistance in the operation of your Franchised Business as we deem advisable. (Franchise Agreement, Section 6.9)

6. Maintain and administer a central advertising account (the Brand Fund) for such advertising, marketing or public relations programs, as we, in our sole discretion, may deem appropriate to promote the TUTORING ~~CFUB-CLUB~~ brand System-wide. We describe the Brand Fund later in this Item. (Franchise Agreement, Sections 6.11, 8.3)

7. Periodically update the Approved Supplies ~~Fist-List~~ and Approved Suppliers ~~FistList~~, as necessary, in our sole discretion. (Franchise Agreement, Sections 6.5, 6.6)

8. Inspections and evaluations of your Franchised Business and observe its operation to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement, Sections 6.8, 12.2)

9. Offer assistance to you with purchasing or procuring items and services for use in connection with the Franchised Business. (Franchise Agreement, Section 6.7; ~~In Home Agreement, Section 6.6~~)

~~E.~~ E. Advertising

*The Brand Fund*

We have developed the TUTORING CLUB Brand Fund. You must contribute an amount we designate (up to 5% of your Gross Revenue) to the Brand Fund; the amount we currently require is 1% of your Gross Revenue. Your Brand Fund contributions must be paid at the same time you pay Royalty Fees. We will direct all advertising programs with sole discretion over the creative concepts, materials and media used in these programs and their placement and allocation. The media used may include print, television, radio, electronic or other media and may be local, regional or national in scope. The funds may be used to meet any costs of maintaining, administering, directing, producing and preparing promotions, media placement and advertising (including the cost of conducting public relations activities; conducting advertising; and producing promotional brochures and other marketing materials to franchisees in the System). During the ~~2020-2022~~ fiscal year, we spent 94.1% of the collected advertising fees (~~or \$91,388.54 of the \$97,073.14 collected~~) on the Brand Fund. 100% of the advertising revenues we spent were used for promotion and production expenses. we collected \$174,579 and spent \$163,359 on the Brand Fund. Of that amount, 20% was spent on ad production, 34% was spent on media placement, and 46% on administrative costs.

We will conduct all advertising in-house, or use a national or regional advertising or public relations agency. We will prepare an annual financial statement of the revenues and expenses incurred by the Brand Fund and will furnish you a copy upon your written request. We reserve the right, at our option, to require that this annual accounting include an audit of the operation of the Brand Fund prepared by an independent certified public accountant we select and prepare at the expense of the Brand Fund, but we are not required to have the Brand Fund audited. Other than providing an annual accounting to you, we are not obligated to make financial statements of the Brand Fund available to you for review.

We anticipate that all contributions to the Brand Fund will be used to pay for costs and expenses associated with advertising, marketing and promotional purposes during our fiscal year within which the contributions are made. All expenditures in the following fiscal years will be made first out of any current interest or other earnings of the Brand Fund, next out of any accumulated earnings, and finally from principal.

The Brand Fund may be terminated at any time once all monies in the Brand Fund have been expended for advertising, marketing and promotional purposes. We will not use any funds from the Brand Fund to solicit new franchisees, but we may include a notation in any advertisement indicating "Franchises Available," or words to that effect. Tutoring Centers owned by us will contribute to the Fund on the same basis as franchisees. We will administer the Brand Fund. We may perform services related to the Brand Fund, including maintaining, administering, directing, preparing and placing advertising, including the preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities; placement of advertising; employing advertising agencies for assistance; and providing promotional brochures and other marketing materials to franchisees and the Brand Fund.

Neither we, nor the Brand Fund, undertake any obligation to ensure that expenditures by the Brand Fund affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by ~~TUTORING CLUB~~ Tutoring Centers

operating in such geographic area, or that you or your Tutoring Center will benefit directly or in proportion to your contribution to the Brand Fund. Neither we, nor the Brand Fund, will be liable to you with respect to the maintenance, direction, or administration of the Brand Fund, ~~including without limitation, with respect to contributions, expenditures, investments or borrowings,~~ except for acts constituting willful misconduct.

The advertising requirements are uniform to all franchisees (all franchisees must contribute to the Brand Fund) and are not refundable.

The advertising fees collected by us are not collected on behalf of any third parties, except to the extent such fees are imposed on behalf of third-party advertising or public relations agencies, media sources and other sources of advertising selected in accordance with the Franchise Agreement. We do not anticipate that we will use any part of the Brand Fund contributions for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available<sup>2</sup>.”

We have the right to form an advertising council of franchisees, but we have not done so as of the date of this disclosure document.

### *Local Advertising*

We require you to spend at least seven thousand five hundred dollars (\$7,500) on local advertising and marketing within the first ninety (90) days of operating your Tutoring Center (beginning thirty (30) days before opening through the sixtieth (60) day after opening). After that initial period, we also require you to spend an average of two thousand dollars (\$2,000) per month, at minimum, on your local advertising and marketing efforts. ~~We require you to spend two thousand dollars (\$2,000) per month on your local advertising and marketing efforts.~~

All your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency, for review, samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within fifteen (15) days after we receive the materials from you, you must resubmit them to us. If you do not receive a written response from us within seven (7) days of the day you resubmit them to us, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Section 5.15)

### *Cooperatives; Other Advertising Funds*

We do not have any local or regional advertising cooperatives or any advertising funds other than the funds we describe above.

### F. Computer System.

We require you to purchase and/or lease and use any and all computer hardware or software programs which we may develop and/or designate, and to purchase all computer hardware necessary for the efficient operation of the software. (Franchise Agreement, Section 5.14)

We, or a third party we designate, will license to you our proprietary Software, which provides diagnostic testing, learning exercises and lesson plans. The current monthly cost of the Software is ~~\$110~~ \$250 per month. (Franchise Agreement, Section 7)

You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the computer system (other than the Software). Neither we, nor any third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the computer system. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the computer system, but we reserve the right to do so in the future. The current annual cost of a service contract is about \$1,500. We are unable to estimate the cost of any maintenance, support, updates or upgrades of any third-

party software.

You must purchase (or have) a computer capable of operating the TUTORING CLUB Software with the following minimum specifications:

|                     | Minimum requirements                                                            | Recommended                                      |
|---------------------|---------------------------------------------------------------------------------|--------------------------------------------------|
| Monitor             | 1024 x 768 resolution                                                           | 1280 x 800 resolution or higher                  |
| Operating system    | Windows 7 or Mac OS X SP1<br><u>10.5.8</u><br><del>10.5.8 10.5.8 or later</del> | Windows 10 or Mac OS X<br><u>10.5.8 or later</u> |
| Processor/CPU       | 2.5 GHz Intel Core i3                                                           | 3.3 GHz Intel Core i5                            |
| Graphic s/GPU       | Intel HD Graphics                                                               | Intel HD Graphics                                |
| RAM                 | 2 GB                                                                            | 8 GB                                             |
| Hard Drive          | 100 GB                                                                          | 256 GB SSD                                       |
| Networking Hardware | 10/100/1000 Ethernet adapter                                                    | 10/100/1000 Ethernet adapter                     |
| Software            |                                                                                 | Microsoft Office 365                             |

You may purchase the computer hardware from any supplier, so long as the hardware meets our standards. If you currently own a computer system that meets our standards, we may approve it for use in your Franchised Business. We estimate that the cost of purchasing a computer system will be \$0 (if you own a computer we approve of) and \$1,500 if you do not.

We have the right to independently access all information collected or compiled by or in accordance with your use of the Software at any time without first notifying you. There are no contractual limitations on the type of information we can access through the computer system, or the times or frequency of when we access such information. The Software is provided to you under the terms of the Franchise Agreement and must be returned to us upon termination or expiration of the franchise. You are required to implement any updates or upgrades we provide to you or otherwise require for your computer hardware to accommodate new releases of the Software. There are no limits on our ability to require updates or upgrades to the hardware. (Franchise Agreement, Sections 5.14, 7.6) We estimate that the costs to implement optional or required updates or upgrades to the computer systems could be \$1,500, payable on average once every five years. There will not be any additional charges for updates to the Software other than the standard monthly license fees.

G. Operations Manual

We will ~~loan~~ give you one copy of the access to our Operations Manual (which is available electronically), as well as our other proprietary forms and documents, after you sign the Franchise Agreement. The Table of Contents of the Operations Manual as of the date of this Disclosure Document is attached as Exhibit C to this Disclosure Document. There are 257 total pages in the Operations Manual. The total number of pages and the number of pages devoted to each topic are reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the Operations Manual, as instructed by us. (Franchise Agreement, Section 15.9)

H. Training:

Approximately one (1) month before the scheduled opening of the Franchised Business, you and/or your initial Director must successfully complete - to our satisfaction - an initial training course of approximately 2 weeks to be conducted online via Zoom, at the Tutoring Center in Fountain Valley, California, the Tutoring Center in Henderson, Nevada, supplemental training site(s) in Orange County, California, or at another location in the United States that we select. A third week of training will occur at your Tutoring Center within three months of your opening date. A "week" of training consists of Monday through Thursday from 10 AM to 8 PM.

If you are and/or your initial Director cannot complete the initial training program, we may terminate your Franchise Agreement. We may adjust the training schedule based upon the progress of you or your Director. Should you need more time to successfully complete training, we reserve the right to charge you our then- current per diem fee (which is currently \$300 per day per trainer) and for expenses we incur for each day beyond the 3-week period. (Franchise Agreement, Sections 4.2, 6.3)

The initial franchise fee covers the cost of the initial training, prior to the Franchised Business opening, for two (2) people, including you and your Director. Any Directors you appoint after the opening of your Franchised Business must be trained by you according to our specifications and guidelines or attend and successfully complete our initial training program, at a mutually scheduled time. For us to provide the initial training for subsequent Directors or for trainees in excess of 2, or for those we determine need remedial training we will charge you the then-current tuition (which is currently \$300 per day, per trainee) and we will charge you for expenses we incur in providing the subsequent initial training. You will be responsible for the costs of reasonable travel, transportation, meals and lodging expenses we incur if we elect to provide this training at your Tutoring Center.

You must pay all of your own expenses, and the expenses of any additional trainee(s) who attend training with you or any additional trainees that require initial training after you open, including travel, lodging and meal expenses. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Tutoring Center.

| TRAINING PROGRAM                            |                                            |                                              |                                                                                                                                                                                                |
|---------------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SUBJECT                                     | HOURS OF<br>HOURS OF<br>CLASSROOM TRAINING | HOURS OF<br>HOURS OF ON-<br>THE^JOB TRAINING | LOCATION                                                                                                                                                                                       |
| <u>SUBJECT</u>                              | <u>TRAINING</u>                            | <u>TRAINING</u>                              | <u>LOCATION</u>                                                                                                                                                                                |
| Training at Our Affiliate’s Tutoring Center |                                            |                                              |                                                                                                                                                                                                |
| Proprietary System Training                 | 8                                          | 0                                            | <i>Fountain Valley, California; Henderson, Nevada; or other location that we designate</i><br><u>Online, Henderson, Nevada; Orange County, California; or other location that we designate</u> |
| Academic Programs                           | 16                                         | 0                                            |                                                                                                                                                                                                |
| Testing / Conferencing / Sales              | 40                                         | 0                                            |                                                                                                                                                                                                |
| Operations: Best Practices                  | 16                                         | 0                                            |                                                                                                                                                                                                |
|                                             |                                            |                                              |                                                                                                                                                                                                |
| TRAINING PROGRAM                            |                                            |                                              |                                                                                                                                                                                                |
| SUBJECT                                     | HOURS OF<br>CLASSROOM<br>TRAINING          | HOURS OF<br>ON-THE^JOB<br>TRAINING           | LOCATION                                                                                                                                                                                       |
| Training at Your Tutoring Center            |                                            |                                              |                                                                                                                                                                                                |
| Proprietary System Training                 | 0                                          | 4                                            | <i>Your Tutoring Center</i><br><br><u>Your Tutoring Center</u>                                                                                                                                 |
| Academic Programs                           | 0                                          | 8                                            |                                                                                                                                                                                                |
| Testing / Conferencing / Sales              | 0                                          | 20                                           |                                                                                                                                                                                                |
| Operations: Best Practices                  | 0                                          | 8                                            |                                                                                                                                                                                                |
| Total Training Hours                        | 80                                         | 40                                           |                                                                                                                                                                                                |

The instructional materials used for all topics of training will consist of the Operations Manual.

Initial training will be provided by ~~David Hill, Liam Powers, and Daniel Pinkney~~ the instructors listed below.

*David Hill - Trainer for Operations and Sales*

David Hill is our President and has been since he acquired ownership in us in December 2015. Starting in 2004, Mr. Hill became an owner of one of our franchisees and as of the date of this disclosure document, Mr. Hill has ownership interests in TC California, LLC and TC Hill Powers, LLC which, between them, operate four Tutoring Club Centers. Between 2012 and 2015, Mr. Hill also coordinated secondary training for more than twenty franchisees in the system. He has over 13 years of experience with the subject matters being taught in our training program.

*Liam Powers - Trainer for Marketing, Sales, and Management*

Liam Powers is our CCO and has been since December 2015. Prior to assuming this role, he was a partner in TC Hill Powers, LLC He also managed the day-to-day affairs at the Tutoring Club franchise location in Fountain Valley, California from June 2012 to December 2015.

*Daniel Pinkney - Trainer for ~~Marketing, Sales, and Management~~*

Daniel Pinkney is our COO and has been since March 2012. Mr. Pinkney served as the Operations Manager of our predecessor from August 2004 until that company merged with Tutoring Club LLC in June of 2006. Thereafter, Mr. Pinkney served as our Operations Manager until 2012. He is also an owner of TC Educators of Nevada, LLC which operates three Tutoring Club Centers in Nevada. Mr. Pinkney has over 13 years of experience with the subjects taught by him in our training program.

*Huy Tran - Trainer for Hiring and Staff Development*

Mr. Tran is our New Franchisee Liaison and has been since March 2021. Mr. Tran has been in the afterschool tutoring industry for more than two decades, during which he spent several years as the director of a tutoring center and served as the Director of Franchise Operations for a national tutoring company.

*Donna Martinez — Trainer for Curriculum and Scheduling*

Mr. Tran is our Head of Curriculum and has been with Tutoring Club since 2004. Ms. Martinez has owned and operated several Tutoring Centers in the greater Las Vegas, Nevada area and specializes in curriculum development, implementation and refinement.

In addition, we may periodically provide and require that previously trained and experienced franchisees and/or employees attend and successfully complete refresher training programs to be conducted at our headquarters or training facility, at another franchisee's business, or at some other location in the United States we select. Attendance at these refresher training programs will be at your sole expense, however, attendance will not be required more than 4 days during any calendar year. (Franchise Agreement, Sections 4.3, 6.4)

**ITEM 12**  
**TERRITORY**

**Unit Franchise**

You will receive an exclusive territory that we refer to as your “Protected Territory,” which will be defined as a 2.5 mile radius around the initial approved location for your Tutoring Center.

You will operate the Tutoring Center from a specific location we approve, and you must receive our permission before relocating. Any relocation will be at your expense and we will have the right to charge you for all reasonable costs that we incur. If the term of the Franchise Agreement has not expired, you may relocate the premises to a location that meets our then-existing location guidelines that is within your existing Protected Territory if the lease for the site expires or terminates, if the site is destroyed, condemned or otherwise rendered unusable.

Your Protected Territory will not be adjusted if you relocate (i.e., the radius will continue to be measured from the initial approved location). You do not have the right to acquire additional franchises, although you may apply for the right to operate additional Tutoring Centers under separate franchise agreements.

We will not grant the right to another franchisee to operate a Tutoring Center in your Protected Territory nor will we establish a company or affiliate-owned Tutoring Centers in your Protected Territory. However, we reserve the following rights to use the Marks and System, in any manner and on any terms and conditions, and without granting you any rights, accommodation or compensation:

- (a) The right to own, acquire, establish and/or operate, and license others to establish and operate, businesses using the Marks and System located anywhere outside your Protected Territory, regardless of their proximity to your Protected Territory (even if there may be some impact to your business).
- (b) The right to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, at any location, including but not limited to outlets, kiosks, or Internet websites under trademarks or names other than the Marks, within or outside the Protected Territory (even if these businesses are in competition with you).

- (c) The right to solicit business from customers located within your Protected Territory,
- (d) The right to sell or distribute, at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any products or services (including but not limited to diagnostic tests, learning and teaching materials, proprietary software, and Internet-based tutoring) under any marks, including the Marks, inside or outside the Protected Territory using other channels of distribution (including by use of the Internet, mail order catalog, telemarketing, etc.), so long as any sales or distribution of products or services within the Protected Territory is from a retail outlet doing business using our Marks located within the Protected Territory.
- (e) The right to acquire, or be acquired by, any competing system, including a competing system providing products and services similar to those provided at your Tutoring Center, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating (including in your Protected Territory).
- (f) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at your Tutoring Center, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your Protected Territory.

We do not need to pay you if we exercise any of the rights stated above.

You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Territory or from locations other than your Tutoring Center. You are not permitted to have an individual website for your Tutoring Center, but we will create one for you hosted on our website. You may choose, however, to promote your business via alternate on-line strategies consistent with our on-line policy. Our on-line policy may restrict you from using any on-line promotional strategies whatsoever, and is subject to any and all modifications or restrictions as we decide in our sole and absolute discretion.

There are no limitations to whom you may provide services at the Tutoring Center, but you must perform all services at the Tutoring Center and from nowhere else.

On renewal, acquiring a successor franchise, or transferring your franchise, your Protected Territory may be modified. Depending on the then-current demographics of the Protected Territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a successor ~~franchise territory or a~~ or transfer territory smaller than the Protected Territory.

We have the right to terminate our grant, or reduce the size of your Protected Territory if you default under the Franchise Agreement for, among other things, your failing to maintain our standards, failing to devote your best efforts to adequately represent your Tutoring Center in your Protected Territory, or failing to pay royalty and other fees when they become due. Otherwise, continuation of your territorial exclusivity within your Protected Territory does not depend on your achieving a certain sales volume, market penetration, or other contingency.

#### Right of First Refusal; Other Franchise Systems

We do not customarily grant options, rights of first refusal or similar rights to acquire additional franchises, although we do retain the right to grant such options or rights within our sole discretion. In order to acquire the right to open additional franchise locations under the Marks and the System in areas contiguous or noncontiguous to your territory, you must apply to us, obtain our approval, pay a new Initial Fee as determined by us, and execute a new Franchise Agreement for each location you desire to open. There is no guarantee that any such territory will be available to you at the time of your application or that you will be able to obtain our approval.

We and our affiliates do not operate or franchise any business under a different trademark or service mark, and we and our

affiliates have no plans to do so.

**ITEM 13**  
**TRADEMARKS**

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating the Franchised Business. The following trademarks and service marks currently in use with the System have been registered on the Principal Register with the United States Patent and Trademark Office.

| MARK                                                                                                | REGISTRATION<br>NUMBER(SERIAL NUMBER) | REGISTRATION<br>DATE(APPLICATION<br>FILING DATE)   |
|-----------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------|
| A CLASS ABOVE. GUARANTEED!<br>(typed drawing)                                                       | 2990252                               | August 30, 2005                                    |
| TUTORUP (typed drawing)                                                                             | 2861460                               | July 6, 2004                                       |
| TUTORING CLUB (typed drawing)                                                                       | 2572603                               | May 28, 2002                                       |
| <br>(Design Mark)  | <del>(87204278)</del> 5503880         | <del>(October 14, 2016)</del> September<br>5, 2017 |
| <br>(Design Mark) | <del>(87903073)</del> 5816977         | <del>(May 1, 2018)</del> July 30, 2019             |

These mark registrations have been or will be renewed periodically as required (including the filing of appropriate affidavits).

~~There~~ In Trademark Trial and Appeal Board Proceeding No. 92075917, petitioner TeacherFindr, Inc. seeks to cancel our TUTORUP trademark registration on the alleged basis that the mark has been abandoned. There have not been any rulings in that matter. Otherwise, there are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks.

The Marks are owned by us. No currently effective agreements significantly limit our rights to use or license the use of the Marks.

You must promptly notify us 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 mark confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting therefrom. We are not required to defend you against a claim of your use of the Marks. We have the right to control any administrative proceeding



or litigation involving the Marks.

You must modify or discontinue using any Mark upon direction to do so from us within a reasonable time after receiving notice from us. We may add to, delete, or modify its Marks. You must accept, use or cease using, as may be applicable, the Marks, including modified or additional Marks in accordance with our required procedures, policies, rules and regulations whether contained in the Operations Manual, Franchise Agreement or otherwise. You will not be compensated or otherwise reimbursed for expenses as a result of any discontinuance or modification.

You must not use any Mark or part of any Mark as part of any corporate or trade name, in any modified form, nor may you use any Mark in connection with the sale of any unauthorized product or service, or in any other manner we do not authorize in writing. You must give notices of trademark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### **Patents and Copyrights**

There are no patents material to the franchise.

We own certain copyrights in the Operations Manual, marketing materials, Software, teaching and learning aids and other copyrightable items under the System (“Copyrighted Works”). While we claim copyrights in these and similar items used in operating a Franchised Business, we have not registered these copyrights with the United States Registrar of Copyrights but need not do so to protect them. You may use these items only as we specify while operating your Franchised Business and must stop using them if we direct you to do so.

There currently are no effective determinations of the Patent and Trademark Office, the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

#### **Improvements**

If you make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of the Franchised Business, we will require you to grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. We will require you to sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. We require you to have each of your employees sign an agreement requiring employee cooperation with these requirements.

#### **Confidential Information**

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain parts of the Confidential Information to you during the training programs, seminars and conventions, and in the Operations Manual. You are required to maintain the confidentiality of this information and may not use such information in any other business or in any manner we do not specifically authorize in writing.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a Franchised Business during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential

Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Tutoring Center.

The Operations Manual will at all times remain our property exclusively. We may revise the Operations Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

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

You or your Director must provide direct, full-time, on-premises supervision of your Tutoring Center. Even if you employ a full-time Director, however, you will remain obligated to oversee the operations of your Tutoring Center. You or your Director must use his or her best efforts in the operation of your Tutoring Center. You (and, if applicable, your managing partner or shareholder) must complete our training program. If you are a business entity, we do not require your Director to have an equity interest in your business. You must keep us informed of the identity(ies) of your Director(s).

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Owner Agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Owner Agreement is attached to the Franchise Agreement.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, and any representatives and beneficial owners of the Franchise Agreement, sign the Owner Agreement, and you must forward a copy of these signed agreements to us. We do not require the spouse of an owner (who does not otherwise own an equity interest in you) to sign the Owner Agreement. You also must ensure that your Director and any of your employees that have access to our trade secrets and confidential information each sign our required Confidentiality Agreement, and you must forward a copy of these signed agreements to us.

**ITEM 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only those goods and services that we approve as part of the System. You may not offer for sale any products or services not specifically approved by us in writing. We reserve the right to require you to sell all of the goods and services authorized by us. We have the right to change the types of authorized services offered and provided by franchisees, and there are no limits on our right to make these changes. You may not use your Tutoring Center premises for any other purpose than the operation of a Tutoring Club business and the sale of services approved by us.

~~You may offer online tutoring services to customers within your market area, or, if there are no other Tutoring Club franchises within your market area, you may provide online tutoring services to customers located within a ten (10) mile radius of your Tutoring Center.~~ You may not sell products through other channels of distribution such as wholesale or mail order sales. We may require you to establish a website, subdomain or an electronic mail address that meets our requirements,

and we may require you to establish a link to our website. You may not establish an account or participate in any social networking sites or blog, or mention or discuss the franchise or us without our prior written consent. We have the right to exclusively control all social media accounts that you use in connection with your Tutoring Club business, but we may permit you to control such accounts while you are in compliance with, and during the term of, your Franchise Agreement.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| <u>Franchise Agreement</u><br><b>THE FRANCHISE RELATIONSHIP</b> |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Provision</b>                                                | <b>Section in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| a. Length of the franchise term                                 | Section 2.1                           | 5 years from the effective date of the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| b. Renewal or extension of the term                             | Section 2.2                           | If you have complied with all of the provisions in the Franchise Agreement, you can renew for up to 4 additional successive terms of 5 years each. The new agreement may have materially different terms than those contained in your original contract.                                                                                                                                                                                                                                                                                                                                                                |
| c. Requirements for franchisee to renew or extend               | Section 2.2                           | <p>6 month advance written notice to acquire successor franchise; sign most current form of Franchise Agreement; not be in default of any of your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us.</p> <p>If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.</p> |
| d. Termination by franchisee                                    | Section 14.7                          | You may terminate the Franchise Agreement if we materially breach the Franchise Agreement and substantially fail to cure within 2 months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| e. Termination by franchisor without cause                      | Not applicable.                       | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| f. Termination by franchisor with "cause"                       | Sections 14.1, 14.2, 14.3             | We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| g. "Cause" defined - curable defaults                           | Sections 14.2, 14.3                   | <p>You will have 10 days after notice to pay past due fees owed to us, or to obtain the insurance that we require you to carry.</p> <p>You will have 30 days after notice to cure any other default in any other obligation to us that is not listed as a default that cannot be cured.</p>                                                                                                                                                                                                                                                                                                                             |

Franchise Agreement

| THE FRANCHISE RELATIONSHIP |                                |         |
|----------------------------|--------------------------------|---------|
| Provision                  | Section in Franchise Agreement | Summary |

*a. Length of the franchise term*

*Section 2.1*

*5 years from the effective date of the Franchise Agreement.*

*b. Renewal or extension of the term*

*Section 2.2*

*If you have complied with all of the provisions in the Franchise Agreement, you can renew for up to 3 additional successive terms of 5 years each. The new agreement may have materially different terms than those contained in your original contract.*

*c. Requirements for franchisee to renew or extend*

*Section 2.2*

*6 month advance written notice to acquire successor franchise; sign most current form of Franchise Agreement; not be in default of any of your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us.*

*If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.*

*d. Termination by franchisee* Section 14.7 *You may terminate the Franchise Agreement if we materially breach the Franchise Agreement and substantially fail to cure within 2 months.*

*e. Termination by franchisor without cause* Not applicable. *Not applicable.*

#### THE FRANCHISE RELATIONSHIP

| Provision                                                                      | Section in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>f. Termination by franchisor with "cause"</i>                               | Sections 14.1, 14.2, 14.3      | <i>We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <i>g. "Cause" defined—curable defaults</i>                                     | Sections 14.2, 14.3            | <i>You will have 10 days after notice to pay past due fees owed to us, or to obtain the insurance that we require you to carry.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                                |                                | <i>You will have 30 days after notice to cure any other default in any other obligation to us that is not listed as a default that cannot be cured.</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| h. "Cause" defined - defaults which cannot be cured                            | Section 14.1                   | Non-curable defaults include: failure to establish and equip your Tutoring Center; failure to satisfactorily complete training; making a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest, where applicable, to a felony or other crime or offense that can adversely affect the reputation of you or your Tutoring Center; and others.                                                                                                                                                                                                                                |
| i. Franchisee's obligations on termination/non-renewal                         | Section 15                     | Your obligations include: stop operations of your Tutoring Center; assign lease to us, at our option; stop using the Marks and items bearing the Marks; assign any assumed names to us; de-identify the premises from any confusingly similar decoration, design or other imitation of a Tutoring Center; stop advertising as a TUTORING CLUB Tutoring Center; pay all sums owed to us; pay all damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return all manuals, copyrighted material, copyrightable material, the Software and other confidential information to us; and others. |
| j. Assignment of contract by franchisor                                        | Section 13.1                   | We may transfer the Franchise Agreement without your consent. There are no restrictions on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| k. "Transfer" by franchisee - defined                                          | Section 13.2                   | Includes transfer of franchise agreement, assets or sale of stock. You may transfer the Franchise Agreement and all rights under the Franchise Agreement subject to certain restrictions.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| l. Franchisor approval of transfer by franchisee                               | Section 13.3                   | We have the right to approve all transfers, but will not unreasonably withhold approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| m. Conditions for franchisor approval of transfer                              | Section 13.3                   | For a transfer to a third party, the transferee must meet our qualifications, successfully complete the training program and sign the current Franchise Agreement and agree to assume all of the previous franchisee's obligations, and others. You will pay all sums owed to us including a transfer fee of 50% of the initial franchise fee that we are then charging for new TUTORING CLUB franchises.                                                                                                                                                                                                                           |
| n. Franchisor's right of first refusal to acquire <u>franchisee's business</u> | Section 13.4                   | You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We have the right of first refusal <u>to purchase a Tutoring Center or assets for which you have received a good faith offer to purchase, on the same terms as contained in the offer.</u>                                                                                                                                                                                                         |

#### THE FRANCHISE RELATIONSHIP

| Provision                          | Section in Franchise Agreement | Summary                                                                                                                                                 |
|------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>franchisee's business</i>       |                                | <i>to purchase a Tutoring Center or assets for which you have received a good faith offer to purchase, on the same terms as contained in the offer.</i> |
| o. Franchisor's option to purchase | Section 15.12                  | We are not obligated to do so, but, if the franchise is terminated or expires, we may purchase some or all of the assets of your                        |

| <b>THE FRANCHISE RELATIONSHIP</b>                                        |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Provision</u></b>                                                  | <b><u>Section in Franchise Agreement</u></b> | <b><u>Summary</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| p. Death or disability of franchisee                                     | Section 13.5                                 | Your heirs, beneficiaries, devisees or legal representative can apply to us to continue operation of your Tutoring Center, or sell or otherwise transfer interest in your Tutoring Center within 4 months of death or incapacity. If they fail to do so, the Franchise Agreement will terminate and we will have the option to buy your Tutoring Center.                                                                                                                                                                                                      |
| q. Noncompetition covenants during the term of the franchise             | Section 12.1                                 | You must not divert or attempt to divert any business or customer to a competitor, or perform any act which may harm the goodwill associated with the Marks and the System; or own or otherwise have any interest in any business (including a business operated before entry into the Franchise Agreement) specializing in offering or providing tutoring or related services the same as or similar to any product or service provided in the System.                                                                                                       |
| r. Noncompetition covenants after the franchise is terminated or expires | Section 15.11                                | You must not own or operate a business which provides tutoring or related services the same as or similar to other or services provided through the System for three (3) years after the Franchise Agreement is terminated or expires within a 15-mile radius of the Protected Area or within a 15-mile radius of any other business operated by us, our affiliate or franchisee.                                                                                                                                                                             |
| s. Modification of the agreement                                         | Section 17.2                                 | The Franchise Agreement can be modified only by written agreement between us and you. We may modify or change the System through changes in the Operations Manual.                                                                                                                                                                                                                                                                                                                                                                                            |
| t. Integration / merger clause                                           | Section 17.6                                 | Only the terms of the Franchise Agreement (including System standards in the Operations Manual) are binding and enforceable (subject to your state's law). Any statements or promises not in the Franchise Agreement or this disclosure document may not be enforceable.                                                                                                                                                                                                                                                                                      |
| u. Dispute resolution by arbitration or mediation                        | Section 16.2                                 | Subject to federal and your state's law, all disputes, except as explicitly stated in the Franchise Agreement, must be submitted to informal dispute resolution and, if unsuccessful in resolving the dispute, must be submitted to binding arbitration in accordance with the commercial arbitration rules of the Commercial Arbitration Rules of the American Arbitration Association or its successor organization. Except for certain claims, all disputes will be arbitrated in the county where our principal office is located (subject to state law). |
| v. Choice of forum                                                       | Sections 16.2, 16.3                          | Litigation or arbitration must be in the appropriate state or federal court in the county where our principal office is located (subject to state law); see any state-specific addendum attached as "Exhibit H."                                                                                                                                                                                                                                                                                                                                              |
| <b><u>Provision</u></b>                                                  | <b><u>Section in Franchise Agreement</u></b> | <b><u>Summary</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| w. Choice of law                                                         | Section 17.4                                 | Nevada law applies except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.                                                                                                                                                                                                                                                                                                                                                                                              |

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure to promote our franchise System.

**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 maybe 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.

The following table presents a pro forma example of annual revenue and expense information for a hypothetical Tutoring Center based on 5 different level of students enrolled per month and total student enrollment for the year. Typical retention per student is 10 months. The notes that follow the tables are an integral part of the information presented in this Item, and provide information to help you better understand the financial information:

| <b>TUTORING CLUB ESTIMATED PRO-FORMA CENTER PROFIT / LOSS</b> |                    |                    |                    |                    |                    |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Gross Revenue / Mo.</b>                                    | <b>\$10,000.00</b> | <b>\$20,000.00</b> | <b>\$25,000.00</b> | <b>\$30,000.00</b> | <b>\$50,000.00</b> |
| <b>Rent</b>                                                   | <b>\$4,000.00</b>  | <b>\$4,000.00</b>  | <b>\$4,000.00</b>  | <b>\$4,000.00</b>  | <b>\$4,000.00</b>  |
| <b>Payroll</b>                                                | <b>\$1,500.00</b>  | <b>\$3,000.00</b>  | <b>\$3,750.00</b>  | <b>\$4,500.00</b>  | <b>\$9,000.00*</b> |
| <b>Utilities</b>                                              | <b>\$300.00</b>    | <b>\$300.00</b>    | <b>\$300.00</b>    | <b>\$300.00</b>    | <b>\$300.00</b>    |
| <b>Advertising</b>                                            | <b>\$2,000</b>     | <b>\$2,000</b>     | <b>\$2,000</b>     | <b>\$2,000</b>     | <b>\$2,000</b>     |
| <b>Supplies</b>                                               | <b>\$350.00</b>    | <b>\$500.00</b>    | <b>\$600.00</b>    | <b>\$700.00</b>    | <b>\$800.00</b>    |
| <b>Insurance</b>                                              | <b>\$150.00</b>    | <b>\$150.00</b>    | <b>\$150.00</b>    | <b>\$150.00</b>    | <b>\$150.00</b>    |
| <b>Royalty Fee</b>                                            | <b>\$1,000.00</b>  | <b>\$2,000.00</b>  | <b>\$2,500.00</b>  | <b>\$3,000.00</b>  | <b>\$5,000.00</b>  |
| <b>Brand Fund Contribution</b>                                | <b>\$150.00</b>    | <b>\$200.00</b>    | <b>\$250.00</b>    | <b>\$300.00</b>    | <b>\$500.00</b>    |
| <b>Software Fee</b>                                           | <b>\$110.00</b>    | <b>\$110.00</b>    | <b>\$110.00</b>    | <b>\$110.00</b>    | <b>\$110.00</b>    |
| <b>Total Expenses / Mo.</b>                                   | <b>\$9,310.00</b>  | <b>\$12,010.00</b> | <b>\$13,410.00</b> | <b>\$14,810.00</b> | <b>\$12,610.00</b> |
| <b>Profit / Mo.</b>                                           | <b>\$440.00</b>    | <b>\$7,740.00</b>  | <b>\$11,340.00</b> | <b>\$14,940.00</b> | <b>\$28,140.00</b> |
|                                                               |                    |                    |                    |                    |                    |
| <b>Total No. of Students</b>                                  | <b>31</b>          | <b>62</b>          | <b>78</b>          | <b>94</b>          | <b>156</b>         |
| <b>Revenue Per Student Per Mo.</b>                            | <b>\$320</b>       | <b>\$320</b>       | <b>\$320</b>       | <b>\$320</b>       | <b>\$320</b>       |
| <b>* Payroll includes an assistant on staff.</b>              |                    |                    |                    |                    |                    |

**These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance you'll earn as much.**

We will provide you with written substantiation for this financial performance representation upon request.

**EXPLANATORY NOTES TO THE FINANCIAL INFORMATION:**

1. ~~Student Levels.~~ When you first open your Franchised Business, you will probably not have any students. It is your responsibility to recruit new students. The student levels at your Franchised Business will depend on various factors, such as the demographics of your market area, the location of your Franchised Business, the tuition and other fees you charge, your marketing efforts, your ability to recruit new students, and your ability to retain existing students. You should expect an ongoing natural turnover of students as your students benefit from the tutoring services you will provide to the point where they no longer need tutoring services. A typical retention period for your clients will be about 10

months. Therefore, ongoing recruiting efforts will be critical to maintain and expand your level of students. It may take you many months (or even years) to reach the student levels shown in these tables. Or, it is possible that you will never reach the student levels shown in these tables.

2. ~~Amount of Tuition and Other Fees.~~ You are free to set the amount of the fees you will charge. The amounts you decide to charge will affect the profitability of your Franchised Business.

3. ~~Royalty Fees.~~ Royalty fees are based on 10% of gross monthly revenues shown in the tables, and the Brand Fund is based on 1% of Gross Revenue shown in the tables (we have the right to charge as much as 5% of Gross Revenue for the Brand Fund).

4. ~~Rent Expense.~~ Property rentals can vary significantly among Tutoring Centers, based on a number of factors such as size, location, lease term, the local real estate market, and your negotiating ability. Any of these factors could result in your rent expenses being substantially different from those shown in the table.

5. ~~Payroll Expense.~~ The table includes tutor salaries based on 18% total revenue. Your staffing choices and the nature of the labor market in your area could significantly affect your actual salary expenses. Likewise, if you choose to offer benefits to your employees, you will have additional expenses.

6. ~~Advertising Expense.~~ The amount shown in the tables reflects a minimum amount of advertising spend we recommend (but do not require), and does not include grand opening marketing expenses. You will probably want to expend more on advertising for the best chance to grow your business.

7. ~~Insurance Expense.~~ Your insurance costs may vary due to: your location; your insurance claims history; your ability to qualify for premium discounts; and the level of insurance coverage required by your contractual obligations, such as your lease agreement.

8. ~~Gross Revenue.~~ "Gross Revenue," means the total of all revenues and sales from all TUTORING CLUB services and products, but does not include: (a) sales tax receipts or similar tax receipts which, by law, are chargeable to customers; (b) documented refunds, chargebacks, credits and allowances. We do not represent that you have these levels of students or that you will be able to charge these levels of tuition.

9. ~~Maintenance.~~ These tables do not show any expenses for maintenance. The typical Tutoring Center has minimal or no maintenance expenses, but your situation could be different.

10. ~~Depreciation Expenses.~~ This table does not show any expenses for depreciation. You may want to consider depreciation expenses associated with the furniture, fixtures, leasehold improvements, vehicle(s) and other assets relating to your Franchised Business.

11. ~~Debt Service.~~ These tables do not include any expenses for interest or other debt service for any financing you may have. This information can vary substantially among franchisees. You should consider your own financial situation in determining the amount of any debt service expenses you may have.

12. ~~Computer Expense.~~ The table does not include any expenses associated with any computer system maintenance or repair. You could have ongoing fees and other expenses associated with this type of equipment, such as the cost of Internet access.

13. ~~Sales or Use Taxes.~~ These tables do not include any revenues or expenses relating to the collection or payment of state or local sales or use taxes. If you collect the full amount of any applicable sales or use tax and pay the full amount to the relevant governmental offices, there would be zero net effect on the financial information in these tables.

14. ~~Income and Franchise Tax.~~ These tables do not include any provision for federal, state, or local income tax or state franchise tax.



~~15. Operating History. Businesses typically take some time to become established. You should expect that your revenues may be lower and your expenses may be higher during the first few years of operations.~~

~~16. COVID-19. Tutoring Club facilities in most states were temporarily closed during the early part of 2020 due to the COVID-19 pandemic and in response we worked towards bolstering our online tutoring capacity. As of the issuance date of this disclosure document, all Tutoring Club facilities have reopened for physical operations after being closed for approximately sixty days. Our franchisees saw an approximate twenty five percent (25%) reduction in revenues while their physical facilities were closed (beginning in March through May 2020) but began to recover around June 2020. Due to the changes we made to moving our services available online and consumer demand, Tutoring Club facilities have, as of the issuance date, returned to similar revenue rates compared to prior years.~~

~~This summary was prepared based on our, and our affiliates', experience in operating Tutoring Centers in California, Illinois, Nevada, North Carolina, and Texas. This summary was prepared by us, without the assistance of an independent CPA. As a result, this summary probably is not prepared in accordance with the American Institute of Certified Public Accountants Statements on Standards for Accountant's Services on Prospective Financial Information.~~

#### ~~Other Considerations Relating to Earnings Claims and Financial Projections~~

~~In preparing financial projections and an overall business plan for your franchise operation, it is important to keep in mind that each individual franchisee's experience is unique, and each individual franchise will experience sales and expenses different from all other franchises in the system due to the many factors which will impact the franchise. These factors include general economic condition of the area, competition in the market, physical location, availability of supplies and labor, expenses or levels of expenses peculiar to the area, effectiveness of the franchisee in the management of the business and the overall efficiency of the operation. A franchisee's energy and dedication to the business will also affect the results of the operation.~~

~~Other than as stated above, Tutoring Club, LLC does 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. However, if you are purchasing an existing outlet we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~David Hill~~Liam Powers, Tutoring Club, LLC, 11241 S. Eastern Avenue, Henderson, ~~NV~~NY 89052, phone (702) 588-5288, the Federal Trade Commission, and the appropriate state regulatory agencies.~~

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

| Table No. 1                                                             |                      |                                        |                                      |                 |
|-------------------------------------------------------------------------|----------------------|----------------------------------------|--------------------------------------|-----------------|
| SYSTEMWIDE* OUTLET SUMMARY<br>FOR YEARS <del>2018 TO 2020</del> TO 2022 |                      |                                        |                                      |                 |
| OUTLET TYPE                                                             | YEAR                 | OUTLETS AT<br>THE START OF<br>THE YEAR | OUTLETS AT<br>THE END OF<br>THE YEAR | NET CHANGE      |
| Franchised                                                              | <del>2018</del> 2020 | <del>70</del> 73                       | <del>69</del> 73                     | <del>-1</del> 0 |
|                                                                         | <del>2019</del> 2021 | <del>69</del> 73                       | <del>72</del> 74                     | <del>-3</del> 1 |
|                                                                         | <del>2020</del> 2022 | <del>72</del> 74                       | <del>72</del> 74                     | 0               |
| Company-Owned                                                           | <del>2018</del> 2020 | <del>10</del> 13                       | 13                                   | <del>-3</del> 0 |
|                                                                         | <del>2019</del> 2021 | 13                                     | 13                                   | 0               |
|                                                                         | <del>2020</del> 2022 | 13                                     | 13                                   | 0               |
| Total Outlets                                                           | <del>2018</del> 2020 | <del>80</del> 86                       | <del>82</del> 86                     | <del>-2</del> 0 |
|                                                                         | <del>2019</del> 2021 | <del>82</del> 86                       | <del>85</del> 87                     | <del>-3</del> 1 |
|                                                                         | <del>2020</del> 2022 | <del>85</del> 87                       | <del>85</del> 87                     | 0               |

\*The tables in this Item 20 reflect only US outlets, and do not include any foreign outlets.

**Table No. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)**  
**FOR YEARS 2020 TO 2022**

| STATE             | YEAR | NUMBER OF TRANSFERS |
|-------------------|------|---------------------|
| <u>Arizona</u>    | 2020 | 0                   |
|                   | 2021 | 0                   |
|                   | 2022 | 1                   |
| <u>California</u> | 2020 | 1                   |
|                   | 2021 | 0                   |

| Table No. 2                                                                                                                     |                            |                     |
|---------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|
| TRANSFERS OF OUTLETS FROM FRANCHISEES<br>TO NEW OWNERS (OTHER THAN THE FRANCHISOR)<br>FOR YEARS <del>2018 TO 2020</del> TO 2022 |                            |                     |
| STATE                                                                                                                           | YEAR                       | NUMBER OF TRANSFERS |
|                                                                                                                                 | 2022                       | 0                   |
| Florida                                                                                                                         | <del>2018</del> 2020       | 1                   |
|                                                                                                                                 | <del>2019</del>            |                     |
|                                                                                                                                 | <del>2020</del>            |                     |
|                                                                                                                                 | <del>California 2018</del> |                     |
|                                                                                                                                 | <del>2019</del>            |                     |
|                                                                                                                                 | <del>2020</del> 2021       | <del>-1</del> 0     |
|                                                                                                                                 | 2022                       | 0                   |
| Total                                                                                                                           | <del>2018</del> 2020       | 2                   |
|                                                                                                                                 | <del>2019</del> 2021       | <del>-1</del> 0     |
|                                                                                                                                 | <del>2020</del> 2022       | <del>-2</del> 0     |

Table No. 3

**STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2018 TO 2020~~ TO 2022**

| STATE         | YEAR                 | OUTLET<br>SAT<br>START<br>OF<br>YEAR | OUTLET<br>S<br>OPENED | TERMEVATIO<br>NS | NON<br>RENEWAL<br>s | REACQUIRE <del>D</del><br><del>BY</del><br><del>DRY</del><br>FRANCHISO<br>R | CEASED<br>OPERATION<br>S OTHER<br>REASONS | OUTLETS AT<br>END<br>OF THE<br>YEAR |
|---------------|----------------------|--------------------------------------|-----------------------|------------------|---------------------|-----------------------------------------------------------------------------|-------------------------------------------|-------------------------------------|
| AL            | <del>2018</del> 2020 | 1                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 1                                   |
|               | <del>2019</del> 2021 | 1                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 1                                   |
|               | <del>2020</del> 2022 | 1                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 1                                   |
| AZ            | <del>2018</del> 2020 | 2                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 2                                   |
|               | <del>2019</del> 2021 | 2                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 2                                   |
|               | <del>2020</del> 2022 | 2                                    | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 2                                   |
| CA            | <del>2018</del> 2020 | <del>31</del> 32                     | 40                    | 0                | 0                   | 0                                                                           | 0                                         | 32                                  |
|               | <del>2019</del> 2021 | 32                                   | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 32                                  |
|               | <del>2020</del> 2022 | 32                                   | 0                     | 0                | 0                   | 0                                                                           | 0                                         | 32                                  |
| <del>CO</del> | <del>2020</del>      | <del>5</del>                         | <del>0</del>          | <del>0</del>     | <del>0</del>        | <del>0</del>                                                                | <del>0</del>                              | <del>5</del>                        |
| <del>CO</del> | <del>2018</del> 2021 | 5                                    | 40                    | 0                | 0                   | 0                                                                           | 2                                         | 43                                  |

~~2019~~2021005

|    |                      |               |               |               |               |   |               |               |
|----|----------------------|---------------|---------------|---------------|---------------|---|---------------|---------------|
|    | <del>2020</del> 2022 | <del>53</del> | 0             | 0             | 0             | 0 | 0             | <del>53</del> |
| CT | <del>2018</del> 2020 | 2             | 0             | 0             | 0             | 0 | 0             | 2             |
|    | <del>2019</del> 2021 | 2             | 0             | 0             | 0             | 0 | <del>01</del> | <del>21</del> |
|    | <del>2020</del> 2022 | <del>21</del> | 0             | 0             | 0             | 0 | 0             | <del>21</del> |
| DE | <del>2018</del> 2020 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
|    | <del>2019</del> 2021 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
|    | <del>2020</del> 2022 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
| FL | <del>2018</del> 2020 | <del>34</del> | 0             | 0             | 0             | 0 | 0             | <del>34</del> |
|    | <del>2019</del> 2021 | <del>34</del> | 40            | 0             | 0             | 0 | 0             | 4             |
|    | <del>2020</del> 2022 | 4             | 0             | 0             | 0             | 0 | 0             | 4             |
| ID | <del>2018</del> 2020 | 1             | <del>01</del> | <del>01</del> | 0             | 0 | 0             | 1             |
|    | <del>2019</del> 2021 | 1             | 40            | 40            | 0             | 0 | 0             | 1             |
|    | <del>2020</del> 2022 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
| IL | <del>2018</del> 2020 | <del>42</del> | 40            | 0             | 0             | 0 | 0             | 2             |
|    | <del>2019</del> 2021 | 2             | <del>01</del> | 0             | <del>01</del> | 0 | 0             | 2             |
|    | <del>2020</del> 2022 | 2             | 0             | 0             | 0             | 0 | 0             | 2             |
| KY | <del>2018</del> 2020 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
|    | <del>2019</del> 2021 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |
|    | <del>2020</del> 2022 | 1             | 0             | 0             | 0             | 0 | 0             | 1             |

~~MS~~

~~2018~~

~~1~~

~~0~~

~~0~~

~~0~~

~~0~~

~~0~~

~~1~~

~~2019~~1000001

~~2020~~1000001

~~NC~~ ~~2018~~1000001

~~2019~~1000001

~~2020~~1000001

~~NJ~~ ~~2018~~1000001

~~2019~~1000001

~~2020~~1000001

~~NV~~ ~~2018~~4000004

~~2019~~4000004

~~2020~~4100005

~~OH~~ ~~2018~~3000003

~~2019~~3000003

~~2020~~3000003

**Table No. 3**

**STATUS OF FRANCHISED OUTLETS FOR YEARS 2018 TO 2020 TO 2022**

| STATE                  | YEAR                 | OUTLET<br>SAT<br>START<br>OF<br>YEAR | OUTLET<br>S<br>OPENED | TERMEVATIO<br>NS | NON<br>RENEWAL<br>s | REACQUIRE<br>DRY<br>FRANCHISO<br>R | CEASED<br>OPERATION<br>S OTHER<br>REASONS | OUTLETS AT<br>END<br>OF THE<br>YEAR |
|------------------------|----------------------|--------------------------------------|-----------------------|------------------|---------------------|------------------------------------|-------------------------------------------|-------------------------------------|
| <del>ORMS</del>        | <del>2018</del> 2020 | <del>21</del>                        | 0                     | 0                | 0                   | 0                                  | <del>40</del>                             | 1                                   |
|                        | <del>2019</del> 2021 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | 2022                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
| <del>NC</del>          | 2020                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | 2021                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | 2022                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
| <del>NJ</del>          | 2020                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | 2021                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | 2022                 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
| <del>NV</del>          | 2020                 | 4                                    | 1                     | 0                | 0                   | 0                                  | 0                                         | 5                                   |
|                        | 2021                 | 5                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 5                                   |
|                        | 2022                 | 5                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 5                                   |
| <del>OH</del>          | 2020                 | 3                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 3                                   |
|                        | 2021                 | 3                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 3                                   |
|                        | 2022                 | 3                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 3                                   |
| <del>OK</del>          | 2020                 | 0                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 0                                   |
|                        | 2021                 | 0                                    | 1                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
|                        | <del>2020</del> 2022 | 1                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 1                                   |
| <del>IA</del> OR       | <del>2018</del> 2020 | <del>42</del>                        | 0                     | 0                | 0                   | 0                                  | 0                                         | <del>42</del>                       |
|                        | <del>2019</del> 2021 | <del>42</del>                        | 0                     | 0                | 0                   | 0                                  | 0                                         | <del>42</del>                       |
|                        | 2022                 | 2                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 2                                   |
| <del>IN</del>          | 2020                 | 1                                    | 0                     | 0                | 1                   | 0                                  | 0                                         | 0                                   |
| <del>TX</del>          | <del>2018</del>      | <del>4</del>                         | <del>0</del>          | <del>0</del>     | <del>0</del>        | <del>0</del>                       | <del>0</del>                              | <del>4</del>                        |
|                        | <del>2019</del> 2021 | <del>40</del>                        | 0                     | 0                | 0                   | 0                                  | 0                                         | <del>40</del>                       |
|                        | 2022                 | 0                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 0                                   |
| <del>TX</del>          | 2020                 | 4                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 4                                   |
|                        | 2021                 | 4                                    | 4                     | 0                | 0                   | 0                                  | 0                                         | 8                                   |
|                        | <del>2020</del> 2022 | 4                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 4                                   |
| <del>VA</del>          | <del>2018</del>      | <del>2</del>                         | <del>0</del>          | <del>0</del>     | <del>0</del>        | <del>0</del>                       | <del>0</del>                              | <del>2</del>                        |
| <del>2019</del> 200003 |                      |                                      |                       |                  |                     |                                    |                                           |                                     |
| <del>VA</del>          | 2020                 | 3                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 3                                   |
| <del>WA</del>          | <del>2018</del>      | <del>1</del>                         | <del>0</del>          | <del>0</del>     | <del>0</del>        | <del>0</del>                       | <del>1</del>                              | <del>0</del>                        |
|                        | <del>2019</del> 2021 | <del>03</del>                        | 0                     | 0                | 0                   | 0                                  | 0                                         | <del>03</del>                       |
|                        | <del>2020</del> 2022 | <del>03</del>                        | 0                     | 0                | 0                   | 0                                  | 0                                         | <del>03</del>                       |
|                        | 2022                 | 0                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 0                                   |
| WY                     | <del>2018</del> 2020 | 2                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 2                                   |
|                        | <del>2019</del> 2021 | 2                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 2                                   |
|                        | <del>2020</del> 2022 | 2                                    | 0                     | 0                | 0                   | 0                                  | 0                                         | 2                                   |
| Totals                 | <del>2018</del> 2020 | <del>7073</del>                      | <del>31</del>         | 0                | <del>01</del>       | 0                                  | <del>40</del>                             | <del>6973</del>                     |
|                        | <del>2019</del> 2021 | <del>6973</del>                      | 56                    | 1                | 1                   | 0                                  | <del>93</del>                             | <del>7274</del>                     |
|                        | <del>2020</del> 2022 | <del>7274</del>                      | <del>40</del>         | 0                | <del>40</del>       | 0                                  | 0                                         | <del>7274</del>                     |

| Table No. 4                                                                  |                      |                                       |                   |                                             |                   |                                  |                                     |
|------------------------------------------------------------------------------|----------------------|---------------------------------------|-------------------|---------------------------------------------|-------------------|----------------------------------|-------------------------------------|
| STATUS OF COMPANY-OWNED OUTLETS<br>FOR YEARS <del>2018 TO</del> 2020 TO 2022 |                      |                                       |                   |                                             |                   |                                  |                                     |
| STATE                                                                        | YEAR                 | OUTLETS<br>AT START<br>OF THE<br>YEAR | OUTLETS<br>OPENED | OUTLETS<br>REACQUIRED<br>FROM<br>FRANCHISEE | OUTLETS<br>CLOSED | OUTLETS<br>SOLD TO<br>FRANCHISEE | OUTLETS<br>AT END<br>OF THE<br>YEAR |
| CA                                                                           | <del>2018</del> 2020 | <del>59</del>                         | <del>30</del>     | <del>10</del>                               | 0                 | 0                                | 9                                   |
|                                                                              | <del>2019</del> 2021 | 9                                     | 0                 | 0                                           | 0                 | 0                                | 9                                   |
|                                                                              | <del>2020</del> 2022 | 9                                     | 0                 | 0                                           | 0                 | 0                                | 9                                   |
| <del>NC</del>                                                                | <del>2018</del>      | <del>1</del>                          | <del>0</del>      | <del>0</del>                                | <del>0</del>      | <del>0</del>                     | <del>1</del>                        |
|                                                                              |                      |                                       |                   | <del>2019</del> 100100                      |                   |                                  |                                     |
|                                                                              |                      |                                       |                   | <del>2020</del> 000000                      |                   |                                  |                                     |
| NV                                                                           | <del>2018</del> 2020 | 4                                     | 0                 | 0                                           | 0                 | 0                                | 4                                   |
|                                                                              | <del>2019</del> 2021 | 4                                     | 0                 | 0                                           | 0                 | 0                                | 4                                   |
|                                                                              | <del>2020</del> 2022 | 4                                     | 0                 | 0                                           | 0                 | 0                                | 4                                   |
| Totals                                                                       | <del>2018</del> 2020 | <del>1013</del>                       | <del>30</del>     | 0                                           | 0                 | 0                                | 13                                  |
|                                                                              | <del>2019</del> 2021 | 13                                    | 0                 | 0                                           | 0                 | 0                                | 13                                  |
|                                                                              | <del>2020</del> 2022 | 13                                    | 0                 | 0                                           | 0                 | 0                                | 13                                  |

| Table No. 5                                                                        |                                                         |                                                                   |                                                                     |
|------------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|
| PROJECTED OPENINGS FOR <del>2021-2023</del> AS OF DECEMBER 31 <del>2020</del> 2022 |                                                         |                                                                   |                                                                     |
| STATE                                                                              | FRANCHISE AGREEMENTS<br>SIGNED BUT OUTLET NOT<br>OPENED | PROJECTED NEW<br>FRANCHISED OUTLETS<br>IN THE NEXT FISCAL<br>YEAR | PROJECTED NEW<br>COMPANY-OWNED<br>OUTLETS IN THE NET<br>FISCAL YEAR |
| CA                                                                                 | <del>54</del>                                           | 1                                                                 | 1                                                                   |
| IL                                                                                 | 1                                                       | 0                                                                 | 0                                                                   |
| OR                                                                                 | 1                                                       | <del>10</del>                                                     | 0                                                                   |
| <del>ILTX</del>                                                                    | 0                                                       | 2                                                                 | 0                                                                   |
| Total                                                                              | <del>76</del>                                           | <del>43</del>                                                     | 1                                                                   |

For a list of our franchisees, see *Exhibit F*.

During the last three years, some former franchisees have signed confidentiality clauses with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Tutoring Club. 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 independent franchisee organizations have asked to be included in this disclosure document.

The franchisees who have had a center terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date, are shown in *Exhibit G*. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached as *Exhibit D* are our audited financial statements for the fiscal years ended December 31, ~~2020~~2022,

December 31, 2019, 2020, 2021, and December 31, 2022. Our fiscal year end is December 31.

We have also attached unaudited financial statements as of the period ended May 31, 2021. These financial statements are prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant had audited these figures or expressed his/her opinion with regard to their content or form. March 31, 2023. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.

## **ITEM 22** **CONTRACTS**

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Tutoring Center Franchise Agreement (*Exhibit B*)

### Attachments to Franchise Agreement

- Attachment A - Approved Location
- Attachment B - State Addenda
- Attachment C - Owners Agreement
- Attachment D - Index to Defined Terms
- Attachment E - Transfer to Entity Agreement
- Attachment F - Confidentiality and Non-Competition Agreement
- Attachment G - Collateral Assignment of Lease
- Attachment H - Lease Addendum

Franchisee Disclosure Questionnaire (*Exhibit E*). ~~General Release Form~~

We will not ask you to complete the Disclosure Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

~~General Release Form~~ (*Exhibit I*).

Franchise Relationship Acknowledgment (*Exhibit J*)

## **ITEM 23** **RECEIPTS**

Two copies of a receipt form are included at the end of this disclosure document as *Exhibit K*. To show that you received a copy of this disclosure document, you must complete and sign both copies of the receipt form and return one to us. You should keep the other copy for your files.

## **TUTORING CLUB, LUC**

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

#### **EXHIBIT A TO THE DISCLOSURE DOCUMENT**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

#### **California**

California Commissioner of Financial Protection  
and Innovation

335 Merchant Street, Room 203 Honolulu, Hawaii  
96813

(Agent for Service of Process)

Commissioner of Securities

Department of Commerce and Consumer Affairs

335 Merchant Street, Room 203

Honolulu, Hawaii 96813

#### **Sacramento:**

2102 Arena Boulevard Sacramento, CA 95834

#### **Los Angeles:**

320 West 4<sup>th</sup> Street, Suite 750

Los Angeles, CA 90012-2344

#### **Illinois**

Illinois Attorney General

500 South Second Street

Springfield, Illinois

62706

#### **San Diego:**

1350 Front Street, Suite 2034

San Diego, CA 92101-3697

#### **Indiana**

(Administrator)

Indiana Secretary of State

Securities Division

302 West Washington Street, Room E-1 11

Indianapolis, Indiana 46204

#### **San Francisco:**

Department of Financial Protection and  
Innovation

One Sansome Street, Suite 600 San

Francisco, CA 94104

(Administrator)

Commissioner of Financial Protection and  
Innovation

Department of Financial Protection and  
Innovation

2101 Arena Boulevard Sacramento, CA

95834 (213) 576-7505 or (866) 275-2677

(Agent for Service of Process)

Indiana Secretary of State 201

State House 200 West Washington

Street Indianapolis, Indiana 46204

#### **Maryland**

(Administrator)

Office of the Attorney General

Securities Division 200 St. Paul

Place Baltimore, Maryland 21202-

2020

#### **Hawaii**

(Administrator)

Commissioner of Securities

Department of Commerce and Consumer

Affairs

(Agent for Service of Process)  
Maryland Securities Commissioner at the  
Office of Attorney General- Securities  
Division 200 St. Paul Place Baltimore,  
Maryland 21202-2020

**Michigan**

(Administrator)  
Consumer Protection Division Antitrust and  
Franchising Unit Michigan Department of  
Attorney General 670 Law Building  
Lansing, Michigan 48913

(Agent for Service of Process)  
Michigan Department of Commerce  
Corporations and Securities Bureau 6546  
Mercantile Way Lansing, Michigan 48909

**Minnesota**

Minnesota Department of Commerce 85 7<sup>th</sup>  
Place East, Suite 280 St. Paul, Minnesota  
55101-2198

**New York** (Administrator)

NYS Department of Law Investor  
Protection Bureau 28 Liberty St. 21<sup>st</sup> Floor  
New York, NY 10005 (212)416-8222  
Phone

(Agent for Service of Process)

New York Department of State One  
Commerce Plaza,  
99 Washington Avenue, 6th Floor Albany,  
NY 12231-0001 (518) 473-2492

**North Dakota**

North Dakota Securities Department 600  
East Boulevard Avenue State Capitol —  
Fifth Floor - Dept. 414 Bismarck, North  
Dakota 58505-0510 701-328-4712

**Oregon**

Department of Consumer and Business Services  
Division of Finance and Corporate Securities  
Labor and Industries Building Salem, Oregon  
97310

**Rhode Island**

State of Rhode Island and Providence Plantations  
DEPARTMENT OF BUSINESS REGULATION  
1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode  
Island 02920

**South Dakota**

Department of Labor and Regulation Division of  
Securities 124 S. Euclid, Suite 104 Pierre, South  
Dakota 57501

**Virginia**

(Administrator)  
State Corporation Commission  
Division of Securities and Retail Franchising  
9<sup>th</sup> Floor  
1300 East Main Street Richmond, Virginia 23219

(Agent for Service of Process)  
Clerk, State Corporation Commission 1300 East  
Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219

**Washington**

(Administrator)  
150 Israel Rd. SW Tumwater, WA 98501 (360)  
902-8760

(Agent for Service of Process)  
Department of Financial Institutions  
Securities Administrator 150 Israel Rd. SW  
Tumwater, WA 98501-Division  
P.O. Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760



**Wisconsin**

(Administrator)

Division of Securities Department of  
Financial Institutions P.O. Box 1768  
Madison, Wisconsin 53701

(Agent for Service of Process)

Securities Administrator 150 Israel  
Rd. SW Tumwater, WA 98501



EXHIBIT B TO THE DISCLOSURE DOCUMENT

Franchise Agreement



# i ^Tutoring lub

## FRANCHISE AGREEMENT

By and Between

TUTORING CLUB, LUC

and

(Franchise ID)



## **TABLE OF CONTENTS**

|                                                    | <u>Page</u> |
|----------------------------------------------------|-------------|
| <b>1. GRANT AND LIMITATIONS</b>                    |             |
| 1.1 Grant of Franchise .....                       | 1           |
| 1.2 Approved Location .....                        | 1           |
| 1.3 Protected Territory .....                      | 2           |
| 1.4 Franchised Business and System Standards ..... | 2           |
| 1.5 No Sub-Franchising .....                       | 2           |
| 1.6 Owners Agreement .....                         | 2           |
| <b>2. TERM AND ACQUIRING A SUCCESSOR FRANCHISE</b> |             |
| 2.1 Initial Term .....                             | 2           |
| 2.2 Successor Franchise Options .....              | 3           |
| 2.3 Interim <del>Period</del> <u>Term</u> .....    | 3           |
| <b>3. YOUR DEVELOPMENT OBLIGATIONS</b>             |             |
| 3.1 Site Selection .....                           | 4           |
| 3.2 On-Site Assistance .....                       | 4           |
| 3.3 Lease Provisions .....                         | 4           |
| 3.4 Construction, Remodeling and Build-Out .....   | 4           |
| 3.5 Start-Up Package .....                         | I           |
| 3.6 Commencement of Business .....                 | 5           |
| 3.7 No Alteration .....                            | 5           |
| 3.8 No Relocation .....                            | 5           |
| <b>4. MANAGEMENT AND EMPLOYEES</b>                 |             |
| 4.1 Management .....                               | 5           |
| 4.2 Initial Training .....                         | 5           |
| 4.3 Other Training .....                           | 5           |
| 4.4 Employees .....                                | 6           |
| 4.5 No Independent Contractors .....               | 6           |
| <b>5. YOUR OPERATING OBLIGATIONS</b>               |             |
| 5.1 Trade Name .....                               | 6           |
| 5.2 Best Efforts .....                             | 6           |
| 5.3 Compliance with System Standards .....         | 6           |
| 5.4 Compliance with Sound Business Practices ..... | 7           |
| 5.5 Lease Compliance .....                         | 7           |
| 5.6 Compliance with Laws .....                     | 7           |
| 5.7 Professional Image .....                       | 7           |
| 5.8 Goodwill .....                                 | 7           |
| 5.9 Quality and Client Service Standards .....     | 7           |
| 5.10 Maintenance of Tutoring Center .....          | 8           |
| 5.11 Refurbishing the Tutoring Center .....        | 8           |
| 5.12 Approved Services and Items .....             | 8           |
| 5.13 Purchasing .....                              | 8           |
| 5.14 Computer and Communication System .....       | 8           |
| 5.15 Marketing .....                               | 9           |
| 5.16 Telephone .....                               | 9           |
| 5.17 Internet Listings .....                       | 9           |
| 5.18 Hours of Operation .....                      | 9           |
| 5.19 Use of Premises .....                         | 10          |
| 5.20 Conferences .....                             | 10          |
| 5.21 Notification of Legal Proceedings .....       | 10          |
| 5.22 Client Lists .....                            | 10          |
| 5.23 Management and Accounting Systems .....       | 10          |

|                   |                                                                  |               |
|-------------------|------------------------------------------------------------------|---------------|
| 5.24              | Business Forms.....                                              | 10            |
| 5.25              | Insurance Coverage .....                                         | 10            |
| 5.26              | Merchant Services .....                                          | 11            |
| 5.27              | PCI Guidelines .....                                             | 11            |
| 5.28              | Pre-Payments.....                                                | 11            |
| <b>6.</b>         | <b>ASSISTANCE BY US</b>                                          |               |
| 6.1               | Loan of Operations Manual .....                                  | 11            |
| 6.2               | Tutoring Center Location and Build-Out.....                      | 11            |
| 6.3               | Initial Training.....                                            | 12            |
| 6.4               | Other Training .....                                             | 12            |
| 6.5               | Equipment, Furnishings, Fixtures, Signs and Supplies.....        | 12            |
| 6.6               | Purchasing Assistance .....                                      | 12            |
| <del>6.7</del>    | <del>On Site Assistance .....</del>                              | <del>12</del> |
| <del>6.7</del>    | <del>6.8</del> Continuing Consultations .....                    | 12            |
| <del>6.8</del>    | <del>6.9</del> Conferences.....                                  | 12            |
| <del>6.9</del>    | <del>6.10</del> Suggested Retail Prices .....                    | 13            |
| <del>6.10</del>   | <del>6.11</del> Brand Fund.....                                  | 13            |
| <del>6.11</del>   | <del>6.12</del> Internet Site.....                               | 13            |
| <del>6.12</del>   | <del>6.13</del> Additional Services, Products and Suppliers..... | 13            |
| <del>(6.11)</del> | <del>13</del> Start-Up Package.....                              | 13            |
| <b>7.</b>         | <b>SOFTWARE LICENSE</b>                                          |               |
| 7.1               | Grant of License.....                                            | 13            |
| 7.2               | No Changes .....                                                 | 13            |
| 7.3               | Delivery and Support.....                                        | 14            |
| 7.4               | Warranty.....                                                    | 11            |
| 7.5               | Limitation of Liability .....                                    | 14            |
| 7.6               | Software Updates.....                                            | 11            |
| <b>8.</b>         | <b>PAYMENTS, REPORTS AND RECORDS</b>                             |               |
| 8.1               | Initial Franchise Fee.....                                       | 14            |
| 8.2               | Royalty Fee.....                                                 | 11            |
| 8.3               | Brand Fund Fee.....                                              | 11            |
| 8.4               | Software License Fee.....                                        | 15            |
| 8.5               | Place and Method of Payment .....                                | 15            |
| 8.6               | Late or Dishonored Payments.....                                 | 15            |
| 8.7               | Taxes .....                                                      | 15            |
| 8.8               | Allocation of Payments.....                                      | 15            |
| 8.9               | Right of Offset.....                                             | 15            |
| 8.10              | Books and Records .....                                          | 15            |
| 8.11              | 1 Reports .....                                                  | 15            |
| 8.12              | Our Right to Estimate Gross Revenue.....                         | 16            |
| 8.13              | Ownership Information .....                                      | 16            |
| 8.14              | 1 Record Retention .....                                         | 16            |
| <b>9.</b>         | <b>SYSTEM STANDARDS AND MANUAL</b>                               |               |
| 9.1               | System Standards .....                                           | 16            |
| 9.2               | Modification of Operations Manual.....                           | 16            |
| 9.3               | Ownership of the System.....                                     | 17            |
| 9.4               | 1 Variations .....                                               | 17            |
| <b>10.</b>        | <b>MARKS AND COPYRIGHTS</b>                                      |               |
| 10.1              | Ownership of the Marks.....                                      | 17            |
| 10.2              | Registration.....                                                | 17            |
| 10.3              | Use of the Marks.....                                            | 17            |



|                                 |                                                               |    |
|---------------------------------|---------------------------------------------------------------|----|
| 10.4                            | Inurements .....                                              | 17 |
| 10.5                            | Infringement and Litigation .....                             | 18 |
| 10.6                            | Substitution of Marks .....                                   | 18 |
| 10.7                            | Copyright Materials .....                                     | 18 |
| 10.8                            | Improvements to the System.....                               | 18 |
| <b>11.</b>                      | <b>CONFIDENTIAL INFORMATION</b>                               |    |
| 11.1                            | Confidential Information.....                                 | 19 |
| 11.2                            | Protection of Confidential Information.....                   | 19 |
| 11.3                            | Disclosure of Confidential Information .....                  | 19 |
| 11.4                            | Confidentiality Agreements.....                               | 19 |
| <b>12.</b>                      | <b>ADDITIONAL COVENANTS</b>                                   |    |
| 12.1                            | Non-Competition .....                                         | 19 |
| 12.2                            | Inspections and Audits.....                                   | 20 |
| 12.3                            | Independence .....                                            | 20 |
| 12.4                            | Joint Status.....                                             | 21 |
| 12.5                            | Your Indemnification of Us.....                               | 21 |
| 12.6                            | Our Indemnification of You.....                               | 22 |
| 12.7                            | Attorney’s Fees for Third Party Actions.....                  | 22 |
| 12.8                            | Consent to Use of Likeness and Tutoring Center Premises ..... | 22 |
| <b>13.</b>                      | <b>TRANSFERS</b>                                              |    |
| 13.1                            | Transfer <del>In by</del> Us.....                             | 22 |
| 13.2                            | Transfer <del>In by</del> You.....                            | 23 |
| 13.3                            | Transfer Conditions.....                                      | 23 |
| 13.4                            | Right of First Refusal.....                                   | 23 |
| <del>13.5</del>                 | <del>13.5</del> Transfer Upon Death or Incapacity .....       | 24 |
| <del>13.6</del>                 | <del>13.6</del> <del>No Waiver</del> .....                    | 24 |
| 13.7                            | No Sale Notice.....                                           | 24 |
| 13.8                            | Broker’s Fees .....                                           | 21 |
| <b>14.</b>                      | <b>DEFAULT AND TERMINATION</b>                                |    |
| 14.1                            | Termination by Us without Right to Cure.....                  | 24 |
| 14.2                            | Termination by Us with 10-Day Cure Period .....               | 25 |
| 11.3                            | Other Termination by Us .....                                 | 25 |
| <del>14.4</del> <del>11.1</del> | <del>14.4</del> <del>11.1</del> Additional Remedies .....     | 25 |
| 14.5                            | Operation of the Tutoring Center.....                         | 25 |
| 14.6                            | Governing State Law .....                                     | 26 |
| 14.7                            | Termination by You.....                                       | 26 |
| <b>15.</b>                      | <b>POST-TERMINATION RIGHTS AND OBLIGATIONS</b>                |    |
| 15.1                            | Cease Use of System and Marks .....                           | 26 |
| 15.2                            | Payment of Amounts Owed.....                                  | 26 |
| 15.3                            | Liquidated Damages .....                                      | 26 |
| 15.4                            | Return Operations Manual and Other Materials .....            | 26 |
| 15.5                            | Return of Software.....                                       | 26 |
| 15.6                            | Change of Identification .....                                | 27 |
| 15.7                            | Client Lists.....                                             | 27 |
| 15.8                            | Transfer of Telephone Number and Listings .....               | 27 |
| 15.9                            | Cancel Assumed Name.....                                      | 27 |
| 15.10                           | Assignment of Lease.....                                      | 27 |
| 15.11                           | Non-Solicitation and Non-Competition.....                     | 27 |
| 15.12                           | Other Post-Termination Obligations.....                       | 28 |
| 15.13                           | Right to Purchase.....                                        | 28 |
| 15.14                           | Refund of Pre-Payments .....                                  | 28 |

|                  |                                                          |               |
|------------------|----------------------------------------------------------|---------------|
|                  | 15.15 Survival of Certain Provisions                     | 28            |
| 16.              | <del>15.15 Survival of Certain Provisions</del>          | <del>28</del> |
| 17.              | <b>DISPUTE RESOLUTION</b>                                |               |
|                  | 17.1 Informal Dispute Resolution                         | 29            |
|                  | 17.2 Binding Arbitration                                 | 29            |
|                  | 17.3 Provisional Remedies                                | 30            |
|                  | 17.4 Costs of Enforcement                                | 31            |
|                  | 17.5 Attorney's Fees                                     | 31            |
|                  | 17.6 Jurisdiction                                        | 31            |
|                  | 17.7 Waiver of Punitive Damages and Jury Trial           | 31            |
|                  | 17.8 Waiver of Class or Group Action                     | 32            |
| 18.              | <b>GENERAL PROVISIONS</b>                                |               |
|                  | 18.1 Partial Invalidity                                  | 32            |
|                  | 18.2 Waivers, Modifications and Approvals                | 32            |
|                  | 18.3 Notices                                             | 32            |
|                  | 18.4 Governing Law                                       | 33            |
|                  | 18.5 Counterparts                                        | 33            |
|                  | 18.6 Construction; Entire Agreement                      | 33            |
|                  | 18.7 Force Majeure                                       | 33            |
|                  | 18.8 State Addenda                                       | 33            |
| 19.              | <b>ACKNOWLEDGMENTS</b>                                   |               |
|                  | 19.1 Accurate Information                                | 34            |
|                  | 19.2 Proper Disclosure                                   | 34            |
|                  | 19.3 Consultation and Understanding                      | 34            |
|                  | 19.4 Independent Investigation of Risks                  | 34            |
|                  | 19.5 No Warranty or Guarantee                            | 34            |
|                  | 19.6 Reasonable Covenants                                | 34            |
|                  | 19.7 No Other Agreements                                 | 35            |
|                  | 19.8 No Business Opportunity Representations             | 35            |
|                  | 19.9 Licensing and Permits                               | 35            |
|                  | 19.10 Reliance by Us                                     | 35            |
|                  | 19.11 Consultation with Counsel                          | 35            |
| <b>EXHIBITS:</b> |                                                          |               |
|                  | Attachment A - Approved Location                         |               |
|                  | Attachment B - State Addenda                             |               |
|                  | Attachment C - Owners Agreement                          |               |
|                  | Attachment D - Index to Defined Terms                    |               |
|                  | Attachment E - Transfer to Entity Agreement              |               |
|                  | Attachment F - Confidentiality and Non-Compete Agreement |               |
|                  | Attachment G - Collateral Assignment of Lease            |               |
|                  | Attachment H - Lease Addendum                            |               |

## TUTORING CLUB, LUC. FRANCHISE AGREEMENT

This Franchise Agreement (this “**Agreement**”), which is effective as of the Effective Date specified on the signature page of this Agreement, is by and between TUTORING CLUB, LLC, a limited liability company formed under the laws of the state of Nevada and having its principal place of business at 11241 S. Eastern Avenue, Henderson, NV 89052, as franchisor (“**we**” or “**us**”), and the person or entity identified on the signature page of this Agreement, as franchisee (“**you**”).

### *Introduction: This Franchise Agreement*

This franchise agreement (“**Agreement**”) is written in a conversational tone to make it easier to read. In the context of the Agreement, TUTORING CLUB, LLC is referred to as “we,” or “us.” When we refer to things we own or obligations we have, we use the word “our.” The person, persons, or legal entity that sign this Agreement are collectively referred to as “you,” and the obligations you have or the things you own are referred to as “your.” When we refer to “you” or “your,” we are also referring to each and every one of your owners and the obligations that each and every one of your owners has to us. To further bind you and your owners, we require each and every one of your owners who own any of your equity, stock, membership, or partnership interests (collectively, your “**owners**”) to sign the Owners Agreement, which is attached as *Attachment C* to this Agreement.

In the Agreement, we sometimes capitalize the words we use. These are called “defined terms,” and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in *Attachment D*, we have included for ease of reference an Index of Defined Terms to help you easily locate the definition of a defined term.

The Agreement is organized into sections and paragraphs. In the eighteenth section, entitled “Acknowledgments,” you are making certain representations and statements to us regarding you, your owners, your understanding of this Agreement and the business relationship we are entering into with you, and your decision to enter into this Agreement with us. ~~In the “Franchisee Disclosure Questionnaire”, which is Exhibit E to our Franchise Disclosure Document, you are informing us of any statements or promises that we or our salespeople made to you that are not contained in this Agreement or the Franchise Disclosure Document. We will rely on all of the statements, representations, understandings, and promises you make to us in this Agreement and in the Franchisee Disclosure Questionnaire when we decide to counter sign this Agreement with you.~~

## SECTION 1: GRANT AND LIMITATIONS

1.1 Grant of Franchise. We have the right to use and to license to our franchisees a proprietary and distinctive system (the “**System**”) relating to the establishment and operation of tutoring centers specializing in: diagnostic testing; reading, writing and math tutoring; homework assistance; development of study skills; and other learning and tutoring methods and aids. We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans and commercial symbols used to identify the tutoring centers or particular services and products offered (collectively, the “**Marks**”). Subject to all of the provisions of this Agreement, we grant to you and you accept the franchise and license (the “**Franchise**”) to use the Marks and the System in the establishment and operation of a Tutoring Club tutoring center (“**Tutoring Center**” or “**Franchised Business**”), during the term of this Agreement.

1.2 Approved Location. The Franchise granted by this Agreement is limited to a single Tutoring Center at the specific location (“**Approved Location**”) set forth on *Attachment A*. The Tutoring Center must be located at the Approved Location. If a particular site has not been selected and approved at the time of execution of this Agreement, ~~On~~ On *Attachment A* will describe the Approved Location in general terms. In that case,

after we have approved a location for your Tutoring Center, the specific address of that location will automatically become the Approved Location as if originally set forth in *Attachment A*. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent. You will not relocate the Tutoring Center without our prior express written consent. You may ~~provide online tutoring services in the manner prescribed by us from time to time, subject to the following: (a) if there are other Tutoring Club® franchisees within your market area, you may provide services only to customers residing within your Protected Territory; (b) if there are no other Tutoring Club® franchisees within your market area, you may provide online services to customers located within a ten (10)-mile radius of your Tutoring Center~~ not provide online tutoring services without our written permission, which we may grant or withhold in our sole discretion.

1.3 Protected Territory. During the term of this Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Tutoring Center using the Marks and System at or from any location within a 2.5-mile radius of the Approved Location (the **“Protected Territory”**), subject to certain exceptions below. You acknowledge and understand that your Protected Territory may overlap with another franchisee’s protected territory. Except for the limited protection specified in this section, you acknowledge and agree that the Franchise is nonexclusive. We reserve all rights to use the Marks and System, in any manner and on any terms and conditions we choose, and without the obligation to grant to you any rights, accommodation or compensation. These rights include, but are not limited to, the rights: (a) to own, acquire, establish and/or operate, and license others to establish and operate, businesses using the Marks and System anywhere outside of the Protected Territory (even if there may be some impact to your business within the Protected Territory); (b) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other trademarks or other systems, at any location within or outside the Protected Territory (even if these businesses are similar to your business and are in competition with you); (c) to sell or distribute, at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute, any products (including diagnostic tests, learning and teaching materials, and proprietary software) which bear any proprietary marks, including the Marks, inside or outside the Protected Territory (including through the Internet), so long as any sales or distribution of products within the Protected Territory is not from a retail outlet doing business using our Marks located within the Protected Territory; and (d) to acquire, or be acquired by, any competing system, including a competing system that has one or more locations that are the same as or similar to the Tutoring Center within your Protected Territory.

1.4 Franchised Business and System Standards. The Franchise granted by this Agreement is limited to your operation of a Tutoring Center in strict accordance with the provisions of this Agreement and the standards we specify in writing, as we may periodically amend, modify, supplement or delete, which we impose on our franchisees in connection with their participation in the System, including all mandatory and suggested specifications, policies, rules, techniques and procedures we promulgate about System operation and usage (collectively, the **“System Standards”**). You have no rights under this Agreement to use, and you may not use, the System, the Marks or the Tutoring Center premises in connection with any other business, activities, or unapproved services or products. The Franchise granted by this Agreement is limited to the selling of the approved services and products at retail. You may not sell any products at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products.

1.5 No Sub-Franchising. ~~You~~ You have no rights under this Agreement to grant, and you may not grant, any sub-franchise or sub-license of all or part of the System or Marks.

1.6 Owners Agreement. If you are a partnership, limited liability company, corporation or other entity which is not an individual (**“Business Entity”**), each of your owners must execute and deliver to us the Owners Agreement in the form attached as *Attachment C* (**“Owners Agreement”**).

## SECTION 2: TERM AND ACQUIRING A SUCCESSOR FRANCHISE

2.1 Initial Term. The initial term of this Agreement begins on the Effective Date and will be continue for

a term of 5 years, unless terminated sooner by either party. You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement.

2.2 Successor Franchise Options. You have the option to obtain a successor term to this Franchise for up to ~~3~~4 additional terms of 5 years each, if you satisfy each of the following conditions:

(a) At least 6 months (but no more than 9 months) before the end of the initial term or the applicable successor franchise term, as the case may be, you must give us written notice of your desire to obtain a successor franchise.

(b) At least 2 months (but no more than 6 months) before the end of the initial term or the applicable successor franchise term, as the case may be, you must upgrade your Tutoring Center and your operations to be consistent with the then-current System Standards for new Tutoring Centers.

(c) At the time that you give us notice of your intent to obtain a successor franchise and at the end of the initial term or the applicable successor franchise term, as the case may be, you must not be in default of any provision of this Agreement or any other agreement you have with us or any of our affiliates, and you must have substantially complied with all the provisions of this Agreement and any other relevant agreements during their respective terms.

(d) At least 1 month before the end of the initial term or the applicable successor franchise term, as the case may be, you must execute the then-current version of our franchise agreement, which will completely supersede this Agreement. The provisions of that agreement may be significantly different from the provisions of this Agreement, including but not limited to a smaller protected territory and higher fees (including the royalty and Brand Funds) and they might not be as favorable to you; however, you will not be required to pay the then-current initial franchise fee, and you will have one less option period than before (for a total of 3 option periods).

(e) At the end of the initial term or the applicable successor franchise term, as the case may be, you (and your Director, if we require) must satisfy our then-current qualification and training requirements.

(f) Before the end of the initial term or the applicable successor franchise term, as the case may be, you (and, if you are a Business Entity, each of your owners, if we require) must execute and deliver to us a general release in a form we provide of all claims you may have against us and any of our affiliates (and their respective officers, directors, partners, owners, agents, and employees).

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

### SECTION 3: YOUR DEVELOPMENT OBLIGATIONS

3.1 Site Selection. You are responsible for locating and leasing or purchasing a suitable site for the Tutoring Center. We will provide you with our site selection criteria, and we will use reasonable efforts to help

you analyze your market area, to help you determine site feasibility and to assist you in the selection of the franchise location. Before leasing or purchasing space for your Tutoring Center, you must: submit to us a written description of the proposed site for our approval; provide to us other information regarding the proposed site according to the System Standards or as we reasonably request; and verify to us in writing that the proposed site meets our site selection criteria. We will then approve or disapprove the proposed site. If we disapprove the proposed site, you must select an alternate site and repeat the site approval process until we approve a proposed site for your Tutoring Center. You acknowledge and agree that our approval of a site does not constitute a representation or warranty that the proposed site will be a profitable location for your Tutoring Center. If we reject a particular site proposal, you may submit up to two (2) additional proposed sites for your Tutoring Center (for a total of three submissions) at no additional cost to you. If we determine that the first three proposed sites for your Tutoring Center are not suitable, we reserve the right to charge you reasonable fees for our costs and expenses in reviewing any additional proposed sites. After we have approved a location for your Tutoring Center, *Attachment A* of this Agreement will automatically be considered amended to specify the address of that location as if originally set forth in *Attachment A* instead of a general description. If you and we are unable to agree upon a suitable site within 6 months after the Effective Date, then either party may terminate this Agreement by giving written notice to the other party. If we terminate the Agreement for this reason, we will not refund any portion of the initial fees you paid us.

3.2 On-Site Assistance. We will provide reasonable on-site assistance in evaluating proposed sites, at your request. If you request this assistance, you must pay our daily fee of \$300 per day, plus travel, lodging, meals, and other expenses we incur in assisting you.

3.3 Lease Provisions. If you will be leasing the approved site, we require that certain provisions be in your written lease agreement for our protection. You must provide us with a copy of your proposed lease agreement for approval before you sign it. You will not execute the proposed lease agreement until after you have our express written approval. You must execute a "Collateral Assignment of Lease," in the form found in *Attachment G*, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. In addition, the lease must, unless we otherwise consent in writing, be modified by *Attachment H*.

3.4 Construction, Remodeling and Build-out. Promptly after obtaining possession of the approved site for the Tutoring Center, you will: (a) have prepared and submit to us for approval plans for the construction, build-out or remodeling of the site based on the standard plans and specifications we will provide to you and consistent with the System Standards and applicable law; (b) obtain all required permits, licenses, and zoning variances; (c) complete the construction, build-out, and/or remodeling of the Tutoring Center premises consistent with the approved plans, the System Standards, and applicable law; (d) purchase or lease and install all required equipment, furnishings, fixtures, signs and decor as required by this Agreement and the System Standards; (e) obtain all customary contractors sworn statement and waivers of liens; and (f) otherwise prepare the Tutoring Center for opening for business as required by this Agreement and the System Standards.

3.5 Start-Up Package. You must purchase from us, for ~~\$15,000~~20,000, a start-up package of equipment and items that we will require you to use in your Tutoring Center. This required start-up package includes many of the items needed to furnish a new Tutoring Center, including tables, chairs, office desk, interior signage, bookshelves, and educational materials. We do not provide you with written specifications for these items, but at your request we will provide you with a list of the equipment and items that will be shipped to you. We will ship the items to you, subject to your paying for the shipping costs. We will not deliver or install the items. At your request, we will provide you with a specific list of items that will be included in the start-up package. You must also pay for the shipping costs of having the items in this initial start-up package shipped to your location. This fee is not refundable under any circumstances.

3.6 Commencement of Business. Unless we agree in writing to a later opening date, you must open the

Tutoring Center and begin business within 6 months after the Effective Date of this Agreement. Before opening the Tutoring Center, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses; (b) properly complete all construction, remodeling and build-out of the Tutoring Center; (c) properly complete installation of all furnishings, fixtures, equipment and signs; (d) properly display and stock all required inventory and supplies; (e) successfully complete the initial training program; (f) provide to us proper evidence of required insurance coverage; and (g) provide to us any other information or documents relating to the Tutoring Center's readiness for opening or your compliance with applicable System Standards. You must obtain our written approval before opening the Tutoring Center, and you must schedule the opening date for a mutually convenient date.

3.7 No Alteration. You may not make any material alteration to the Tutoring Center's premises, equipment, furnishings, fixtures, signs or decor without our prior express written consent.

3.8 No Relocation. ~~You~~ You may not relocate your Tutoring Center without our prior express written consent. You agree to reimburse us for any expenses we incur in connection with your request for approval of your relocation.

#### SECTION 4: MANAGEMENT AND EMPLOYEES

4.1 Management. At all times during the term of this Agreement, you must employ a Director who will meet our educational, managerial and business experience standards, and who will devote full time, energy, attention and best efforts to the day-to-day management and operation of the Franchised Business ("Director"). If you are an individual, you or an employee may serve as the Director. If you are an entity, one of your owners or employees may serve as the Director. You will designate to us in writing the identity of your initial Director as soon as possible after the Effective Date of this Agreement; you must provide all information about this Director we reasonably request; you must obtain our prior written approval of your Director; and your Director must successfully complete our initial training program. You must promptly notify us each time there is any change in management of the Franchised Business, and you must obtain our approval of any successor Director (which will require compliance with the conditions of this Section 4.1).

4.2 Initial Training. Before the Franchised Business begins operations, you and/or your initial Director must attend and complete our initial training program to our satisfaction. Any successor Director you later employ must also satisfactorily complete the initial training program before (or as soon as we require after) being designated as Director. If you are a Business Entity, we may also require that at least 1 of your owners also attend and complete (to our satisfaction) the initial training program. We will provide instructors, facilities and training materials for the training of you, your initial Director, and your owners. There is no tuition for the first 2 trainees you send to the initial training program, as long as they attend the same program. All other expenses incurred in the training of your trainees, including the cost of travel, transportation, meals, lodging and any wages will be your responsibility. You will pay to us the then-current tuition (or then-current per diem fee) and expenses we incur for the initial training of any trainees in excess of 2 and for the initial training of any successor Directors you later employ, including the reasonable travel, transportation, meals and lodging expenses we incur if we elect to provide this training at your Franchised Business. If your Director fails to successfully complete the initial training program to our satisfaction, we may require your Director to attend additional training programs (at your cost) or we may require you to appoint a new Director and to send that new Director to the initial training program (at your cost).

4.3 Other Training. You, your owners and your Director must attend any other training programs that we designate as mandatory for franchisees, owners and Directors, respectively. You will be responsible for all travel, transportation, lodging, meals and incidental expenses and compensation for the people you send to these training programs, and you will pay us the cost of providing training materials (if any), and any tuition we may impose under Section 6.4. We will not require you, your owners or your Director to attend more than

4 days' worth of other training programs during any calendar year.

4.4 Employees. You will maintain competent and conscientious personnel to operate the Franchised Business in accordance with this Agreement and the Operations Manual.

(a) You are exclusively responsible for training all of your personnel as and when required by prudent business practices, System Standards, or this Agreement. You must conduct criminal background checks on all of your employees who will tutor children. At our request, you must provide us with copies of employment materials relating to each of your tutoring employees, including employment application materials, 1-9 Immigration and naturalization forms, and the results of criminal background checks.

(b) You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

(c) No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us. You alone are responsible for hiring, firing, training, setting hours for and supervising all employees. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of your Franchised Business.

4.5 No Independent Contractors. You may not use independent contractors to provide tutoring services.

## **SECTION 5: YOUR OPERATING OBLIGATIONS**

5.1 Trade Name. You will operate the Franchised Business under the trade name "Tutoring Club of [the geographic location we will specify]," or such other trade name that we expressly authorize in writing. You will not adopt alternative, additional or secondary trade names unless you have our prior express written consent.

5.2 Best Efforts. ~~You~~ You will use your best efforts to promote the Tutoring Center throughout the Protected Territory.

5.3 Compliance with System Standards. You will maintain high standards of quality, appearance and operation for the Tutoring Center. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for services and items associated with the Marks, you will comply in good faith with all System Standards, including those contained in the Operations Manual. You will operate and maintain the Tutoring Center solely in the manner and pursuant to the standards prescribed herein, in the Operations Manual and in other materials we provide to you. You understand and agree that the Operations Manual has substantial value to us, you, and our other franchisees and that it is important that the System establish and maintain a common identity. You agree and acknowledge that full compliance with the Operations Manual is essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the System and Marks. You acknowledge that your failure to operate the Franchised Business in accordance with the Operations Manual can damage us, you, and Tutoring Centers generally.

5.4 Compliance with Sound Business Practices. You will operate the Tutoring Center diligently and in a manner which is consistent with sound business practices. You will at all times maintain working capital and a net worth which is sufficient to enable you to fulfill properly all of your responsibilities under this



Agreement. You will pay all of your debts and obligations incurred in the operation of the Tutoring Center as such debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and clients, and public officials, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must not engage in any business practice or other activity that may harm our business, System or Marks, or other franchisees' businesses. You will ensure that your affiliates, employees, owners, representatives and agents strictly comply with the provisions of this Agreement.

5.5 Lease Compliance. You will comply with all of the terms of your lease, sublease, and other agreements authorizing use of the Tutoring Center premises, and will refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Tutoring Center premises.

5.6 Compliance with Laws. You will obtain and maintain in force, as and when needed, all governmental permits, licenses and approvals required by applicable law to establish and operate the Tutoring Center at the Approved Location. You will pay when due (or properly and timely contest) all federal, state and local payroll, withholding, unemployment, permit, license, property, ad valorem, use, sales, gross receipts, income, property and other taxes, assessments, fees, charges, penalties and interest, which may be charged or levied against us as a result of your business operations, and will file when due all required governmental returns, notices and other filings. You will conduct your business operations under this Agreement in full compliance with all applicable laws, ordinances, regulations, rules, administrative orders, decrees and policies of any local, state, or federal government, governmental agency or department. You will notify us promptly if you obtain any information that any aspect of the System does not comply with any applicable law, rule or regulation.

5.7 Professional Image. You will maintain your Tutoring Center according to the System Standards, including those standards prescribed in the Operations Manual, such as standards and specifications relating to the safety, maintenance, cleanliness, sanitation, function and appearance of the Tutoring Center and your equipment and signs, as well as the requirement that the employees of the Tutoring Center will be required to maintain a standard of professional appearance while employed at the Tutoring Center.

5.8 Goodwill. You must conduct your business in accordance with the Operations Manual to protect our reputation and goodwill and to maintain high standards of operation under the Marks. You will use reasonable efforts to protect, maintain and promote the trade name "Tutoring Club" (or other trade name we approve) and our distinguishing characteristics, the other Marks and the System. You will not permit or allow your officers, directors, owners, Directors, employees, representatives or agents to engage in conduct which is unlawful or damaging to the goodwill or public image of the Marks or System. You will participate in all quality assurance, client service and client satisfaction programs we require in good faith. You will follow System Standards for identification of your operations and for you to avoid confusion on the part of clients, creditors, lenders, investors and the public as to the ownership and operation of the Franchised Business.

5.9 Quality and Client Service Standards. All services and items you provide must conform to the quality and client service standards we may establish from time-to-time. If we determine, in our sole discretion, that any of the services or items you have provided are not in the conformance with applicable standards for quality or client service, we will give you written notice specifying in reasonable detail the facts and circumstances of your default. After you receive this notice, you must immediately undertake and diligently pursue the efforts we deem necessary to remedy the default and meet our ~~quality~~-quality standards within 1 month after your receipt of the default notice. If you are unable to give us reasonably adequate assurances that you are diligently pursuing all required remediation efforts, we may deem it necessary to inspect your Tutoring Center, at your expense. You agree to pay us our then-current daily rate plus expenses for travel, meals and lodging if we inspect your Tutoring Center under these circumstances. If, after this 1 -month period, your business operations at issue do not, in our sole opinion, conform to applicable quality standards, then we will have the right, at our option, to terminate this Agreement in its entirety, upon 1 month's written notice to you.

5.10 Maintenance of Tutoring Center. You will install and maintain at the Tutoring Center, at your expense, all furnishings, fixtures, equipment, and signs as required by the System Standards. You will purchase from us the initial start-up package referred to in Section 3.5, and you will use the items and equipment in the operation of your Tutoring Center. You will not install or permit to be installed on or about the Tutoring Center premises any furnishings, fixtures, equipment, signs, decor, vending machines, video games, or the like that we have not previously approved. You will maintain the Tutoring Center premises, and all furnishings, fixtures, equipment and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Tutoring Center's premises, furnishings, fixtures, equipment, signs or decor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify.

5.11 Refurbishing the Tutoring Center. Within 6 months after our request, you will: (a) remodel, redecorate, and refurbish the Tutoring Center at your expense, to conform to the decor, color schemes, and presentation of trademarks and service marks consistent with our then-current image; and (b) upgrade, modify and/or replace furnishings, fixtures and equipment to conform to our then-current System Standards. During the first three years of the term of this Agreement, you will not be required to make capital expenditures of more than \$ 10,000 to comply with the requirements in this Section 5.11, but you may be required to purchase equipment necessary to offer and sell new items or services, which equipment will not be subject to the \$10,000 limitation.

5.12 Approved Services and Products. You will offer all approved services and products pursuant to the System Standards at the Tutoring Center, and no other products or services. You will maintain a complete inventory of any approved products in such amounts and of such variety as we may require. You will offer and perform all proprietary tutoring services and programs exactly in accordance with the System Standards. If you desire to offer any unapproved services or products, you must first obtain our prior express written consent. You will not deviate from System Standards by the offer, sale or use of any non-conforming services or products, without our prior written consent.

5.13 Purchasing. You will purchase or procure certain designated items (including furnishings, fixtures, equipment, signs, inventory and supplies) and services in compliance with any minimum standards or specifications we may periodically establish, and from only the suppliers that we approve. You may purchase or procure any other approved items or services for the Franchised Business from any competent source, so long as the items and services meet or exceed the System Standards.

5.14 Computer and Communications System. You will, at your expense, purchase and thereafter maintain, any computer hardware and software, communication equipment, communication services, dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in the Franchised Business. You will provide any assistance we require to connect your computer system with our computer system. All of the data stored in the computer equipment will become our property. We will have the right at any time to retrieve this data or any other data in your computer equipment used in connection with the Franchised Business. You will strictly comply with System Standards for all items associated with your computer system and communication equipment and services. You will keep the computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications or substitutions to your computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. This Agreement includes a software license for our standard proprietary software, which may be licensed through one or more third parties. We may require that you license from us or from third parties additional proprietary computer software for use in the Franchised Business, and, if so, you will execute the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the computer system and communication equipment and services in connection with the Franchised Business according to the System Standards.

5.15    ~~5.15~~ Marketing.

- (a)     Brand Fund. You must contribute to the Brand Fund (as defined in Section 6.11)
- (b)     Grand Opening Marketing. You must spend \$7,500 on local advertising, public relations, promotion, market research, and other marketing activities in connection with your grand opening, either before or within 2 months after your Tutoring Center first opens for business. Upon our request, you must submit to us proof of these expenditures within 90 days after your Tutoring Center first opens for business.
- (c)     Local Marketing. All ~~of~~ your advertising, promotion and marketing must be completely clear and factual and not misleading— and must conform to the highest standards of ethical marketing and the policies which we prescribe from time to time, in the Operations Manual or otherwise. You may not use any advertising or promotional materials that we have disapproved at any time or for any purpose, and you may not advertise your Franchised Business in connection with any other business without our written consent. ~~You At a minimum, you must spend at least an average of \$2,000 per month on local advertising and marketing for your Franchised Business. On a monthly basis, you must provide us with a report (including receipts) demonstrating your compliance with this requirement.~~
  - (1)     You will provide to us for our prior review, samples of any and all advertising and promotional material, public relations programs, press releases, radio and television advertising, specialty and novelty items and signs bearing the Marks, before you use them in your local advertising program. ~~With the exception of~~ Except for advertising materials created and provided to you by us, at least fifteen (15) days before using them, you must submit to us all advertising materials you intend to use, which approval will be in our sole discretion. You may not use such materials until they have been approved by us, and you must promptly discontinue use of any advertising material upon our request. If we have not responded to your request in writing within fifteen (15) days of receiving your advertising material, you must resubmit them. If we have not responded to your request in writing within seven (7) days of your resubmitting the material to us, they will be deemed approved.
  - (2)     At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Franchised Business. We may require you to reimburse us for our costs of creating them.
- (d)     Press Releases. You must obtain our written approval prior to issuing or distributing any press release.
- (e)     Contributions and Donations. In order to protect our Marks, you must obtain our prior express written approval before you make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf on any organization).

5.16    Telephone. ~~You~~ You must obtain a telephone number for exclusive use in connection with the Franchised Business. This telephone number will be deemed to be our property, but we hereby license it to you to use during the term of this Agreement.

5.17    Internet Listing. ~~You~~ You will not, directly or indirectly, create or maintain an Internet web page, web site address, Internet directory listing (including, without limitation, landing pages), or social media identity or name relating in any way to your Tutoring Center, or which uses any Marks without our prior written consent. You are prohibited from conducting any aspect of the Franchised Business through the Internet (except e-mail communications or any website page we provide for you). We have the right to exclusively control all social media accounts that you use in connection with your Franchised Business, but we may permit you to control

such accounts while you are ~~in compliance~~ complying with, and during the term of, this Agreement. Notwithstanding the foregoing, we reserve the right to de-list or remove your Franchised Business from our websites and we may either deactivate your social media accounts or take over control of all such social media accounts. We may also require you to establish and operate other websites for your Franchised Business, including, without limitation, Google My Business listings and Yelp profiles. You agree to promptly establish such websites following our written request and will abide by all guidelines and requirements we may impose from time to time (including any new or different guidelines or requirements that we may, in our discretion, adopt during the term of this Agreement).

5.18 Hours of Operation. You will operate your Tutoring Center during such days, nights, and hours as we may require from time-to-time in the Operations Manual or otherwise. You acknowledge and agree that the hours of operation are integral to the value of the System and the Marks, and any failure by you to operate during the designated hours would be detrimental to the System and the Marks. You further acknowledge and agree that the day-to-day operational decisions relating to the closing and opening procedures of your Tutoring Center, including any security, staffing, and other similar matters, will be made solely by you.

5.19 Use of Premises. You must not use the Tutoring Center premises for any purpose other than the operation of a Tutoring Center, unless you have our prior express written consent.

5.20 Conferences. We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location. We encourage you to attend, but if you are not in compliance with this Agreement we reserve the right to bar you from attending ~~any such conference, convention, or training session.~~ We may make such sessions optional, but we may provide mandatory training and you will be responsible for implementing the content regardless of your attendance. We reserve the right to charge a conference fee. Any conference fee will be the same for all of our franchisees, but may be based on the number of Tutoring Centers each franchisee has or the number of attendees each franchisee sends to the conference. You will receive reasonable notice of each conference. You ~~will be~~ are responsible for all travel, transportation, lodging, meals, and incidental expenses and compensation of the people you send to any conference.

5.21 Notification of Legal Proceedings. You must notify us in writing within 5 business days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, of which you become aware and which may adversely affect the operation or financial condition of the Tutoring Center.

5.22 Client Lists. You must protect the privacy of your clients by keeping their personal information confidential. You will maintain your client list solely through our customer relationship management tools as we prescribe from time to time. You will not disclose client information to anyone other than your employees and us without our prior written consent. We exclusively own all client lists, names, and information, but you will have the right to use such lists and information for so long as you remain a franchisee in good standing with us. After your franchise relationship with us ends, you must provide all copies of your client information and customer lists, retaining no copies for yourself, and we will have the exclusive right to market to and service those customers.

5.23 Management and Accounting Systems. You must implement any management and accounting systems we require.

5.24 Business Forms. You will use only the enrollment and attendance forms, receipts, invoices and other business forms that we have approved. You will obtain these forms from us or from an approved supplier. You will periodically submit to us copies of all business forms you use, as required by the System Standards.

5.25 Insurance Coverage. Before you begin operating your Franchised Business, you must obtain insurance in the types and amounts specified in our Operations Manual or as we otherwise require in writing, from

insurance companies acceptable to us. All insurance policies must endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 10 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of your policies fail to meet these criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. The insurance afforded to the additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to us or the additional insureds. You will maintain all required insurance in force during the term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits and amounts as we may periodically require. Before you begin operating your Franchised Business, you will provide us with a copy of each certificate of all required insurance coverage. You will promptly provide us with copies of each certificate for all renewal or replacement insurance policies. Upon our request, you will provide to us a copy of any of your insurance policies within 10 days after receiving our request.

5.26 Merchant Services. Within a reasonable time upon our request and prior to opening your Tutoring Center, you must apply for, implement, and maintain merchant services from approved suppliers, including the acceptance of debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase approved products and services via such procedure, as we specify. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems. You must use your best efforts to protect your customers against a cyber-event, identity theft or theft of personal information. You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory. The term “Credit Card Vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). You agree not to use any Credit Card Vendor for which we have not given our prior written approval, or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

5.27 PCI Guidelines. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You may be required to enter into a contractual relationship directly with our approved managed firewall vendor.

5.28 Pre-Payments. ~~You~~ ~~on~~ ~~ou~~ agree to, following the expiration or termination of this Agreement: (i) provide us with a written report of all funds taken from customers for services that have not yet been fully delivered as of the date of expiration and/or termination of this Agreement (“**Pre-Payments**”); ~~(ii)~~ refund all Pre-Payments in full to the appropriate customers (or, in our discretion, to us or our designee); and (iii) provide us with a written report concerning all tutors that you have engaged, including such detail as we may require in our discretion, including any unfulfilled obligations that you may have to make payments to those tutors.

## SECTION 6: ASSISTANCE BY US

6.1 Loan of Operations Manual. During the initial training program, we will loan to you for the term of

this Agreement a copy of our current operations manual and any other written materials that specify the System Standards, and we will later provide you with any additions or modifications we may make to these materials (collectively, the “Operations Manual”). The Operations Manual will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications and requirements for operating your Business. The Operations Manual will remain our property.

6.2 Tutoring Center Location and Build-Out. We will provide you with our site selection criteria, and standard Tutoring Center layout plans and specifications. We will also provide you with reasonable assistance regarding the location, placement, layout, furnishing and decoration of your Tutoring Center, subject to Section 3.2.

6.3 Initial Training. Before you begin operating the Franchised Business, we will provide initial training to your initial Director and at least 1 of your owners on mutually-convenient dates, subject to scheduling. However, we may, in our sole discretion, elect not to provide the initial training to any trainee who has at least 6 months’ prior experience in operating a Franchised Business. All initial training we provide will be offered, in our sole discretion, at our training facility, at a business operated by a franchisee or an affiliate, at your location, or at some other location in the United States we select, and will be subject to the provisions of Section 4.2. If space allows, you may send more than 2 people to the initial training program that your initial Director attends, but you must pay the Initial Training Fee for each of these additional trainees (in excess of 2 total trainees). We will not compensate you or your trainees for any services you or your trainees perform during training. You are solely responsible for training your employees other than your Director.

6.4 Other Training. We may provide refresher or supplemental training programs for you and your Director as we deem appropriate, at your expense. Training programs may be held in conjunction with a franchise conference, convention, by webinar or at a place, state and time we deem appropriate. We may charge you for the cost of providing you the training materials (if any), and a tuition for any other training program. Additional training will be subject to the provisions of Section 4.3.

6.5 Equipment—, Furnishings, Fixtures. Signs and Supplies. We will provide you with standard lists and/or specifications for any required equipment, furnishings, fixtures, hardware, signs and supplies. We will provide you with standard lists of any authorized suppliers of any of these items. We will provide you with reasonable assistance and consultation regarding required equipment, furnishings, hardware, fixtures, signs and supplies.

6.6 Purchasing Assistance. Although you are responsible for purchasing items, products and services for use in connection with the Tutoring Center, we and/or our affiliates may offer optional assistance to you with purchasing or procuring these products or services. We may require minimum standards or specifications for these products and services, specify approved products and services, and restrict the suppliers authorized to sell or provide certain products and services to you in order to control quality, provide for consistent service or obtain volume discounts. We will provide you with System Standards for certain products and services, our list of approved products and services, and our list of approved suppliers. You acknowledge that we and/or our affiliates may be the sole approved suppliers for certain approved products and services. You also acknowledge that we and our affiliates may derive revenues as a result of your purchase of approved products and services from us, our affiliates or other suppliers. We have no obligation to pass on to you any rebates or other benefits that we may receive as a result of your purchase of approved items, products and services.

~~6.7 — On Site Assistance. We will provide you with on-site assistance for 1 day within about 2 months after you begin operations, at no cost to you. If you request, we will provide you with additional on-site assistance and supervision in connection with your Franchised Business, at your expense, on mutually convenient dates, subject to scheduling. If you request this additional assistance, we may require that you pay our then current per diem fee and the expenses we incur in providing additional assistance to you.~~

6.7 ~~6.8~~Continuing Consultations. We will assist you to understand your obligations under the System Standards and this Agreement, and provide you with other reasonable continuing consultation, on whatever terms we deem appropriate. To the extent possible, we will provide this consultation by webinar, telephone conference, during inspections and audits, through the System Standards, at additional training programs (if any), and during franchisee conferences (if any). If you request additional operating assistance or services, we may require that you pay our then-current per diem fee and the expenses we incur in providing additional assistance to you.

6.8 ~~6.9~~Conferences. We may conduct or sponsor periodic conferences or conventions for our franchisees, at which seminars, workshops, additional or supplemental training may be conducted. We may require you and/or your Director or owners to attend each conference. If you fail to attend a conference without first obtaining our written consent, we may charge you a non-attendance fee of one thousand dollars (\$1,000). We may require you to stay at the host hotel or venue during your attendance at the conference.

6.9 ~~6.10~~Suggested Retail Prices. We will provide you with suggested retail prices for services and products offered by the Franchised Business; however, you are not bound by our recommended prices. In determining your prices, you must consider the general image of the Franchised Business and the System.

6.10 ~~6.11~~Brand Fund. We will implement one or more advertising, public relations, promotion, market research, or other marketing activities for the System (collectively, "Brand Fund"), which we will administer. We will determine in our sole discretion: the nature and type of program; the nature and type of media placement, including whether it is national, regional or local; the allocation (if any) among national, regional and local markets; the nature and type of advertising copy and other marketing materials; and all other aspects of the Brand Fund. We do not promise that you will benefit directly or proportionately from any Brand Fund. We will use Brand Fund fees we collect from franchisees to pay for the Brand Fund and to reimburse our reasonable direct and indirect costs, overhead and other expenses of providing services and materials relating to the Brand Fund. Any TUTORING CLUB businesses owned and operated by us or our affiliates will contribute to the Brand Fund on the same basis as our franchisees. Otherwise, we are not obligated to supplement the Brand Funds. We have the right to terminate any Brand Fund Program but termination of the Brand Fund will not be effective until all fees we have collected for the Brand Fund Program have been spent.

6.11 ~~6.12~~Internet Site. We will sponsor and maintain the official Tutoring Club web site on the Internet. So long as you are not in default under this Agreement or any other agreement with us or any of our affiliates, we will list your Tutoring Center on the web site.

6.12 ~~6.13~~Additional Services, Products and Suppliers. If you want to offer additional services or products that are not approved by us, or desire to purchase approved products, items or services from any supplier who we have not approved, we will consider any written request you submit to us for approval of additional products, items, services or suppliers (although we are not obligated to approve any). We will notify you of our approval or disapproval of any new product, item, service or supplier requested by you promptly after we have received all of the relevant information we may request. We may revoke approval of an approved supplier at any time in our sole discretion, and we will notify you of any revocation of supplier approval.

~~6.14 — Start Up Package. We will sell you a start-up package of equipment and items that we will require you to use in your Tutoring Center, as set forth in Section 3.5 of this Agreement. You must pay for the shipping costs of having the items shipped to your location.~~

## SECTION 7: SOFTWARE LICENSE

7.1 Grant of License. We, or third parties we designate, will grant to you, and you will accept, a non-transferable, non-exclusive license to use the proprietary Tutoring Club software (the "Software") so long as

you are a franchisee in good standing under this Agreement. You will pay us, or third parties we designate, the Software License Fee set forth in Section 8.4 to use the Software. You will use the Software only on the computers approved by us to use in connection with the Franchised Business. You will not install or use the Software on any other computer. We have all rights, title, and interest in and to the Software. You will not acquire any rights, title, or interest in the Software, other than the limited license granted in this Agreement. You agree that you will not challenge our exclusive ownership of the Software.

7.2 No Changes. Neither you, nor any of your owners, Directors, managers, or employees are permitted to copy, adapt, modify or convert the Software in any manner without our prior express written consent.

7.3 Delivery and Support. We, or third parties we designate, will install the Software for you (or assist you in installing the Software) on the computers we approve you to use according to this Agreement. We, or third parties we designate, will provide technical support services to you on request and at no charge by telephone. However, if we determine that you have modified the Software, copied the Software, or added other unauthorized software to your computer, we may charge for our telephone support (in addition to our other remedies).

7.4 Warranty. We warrant that we, or third parties we designate, have good title to the Software and the right to license it to you. We, or third parties we designate, warrant that the Software as delivered will be free from defects in workmanship and materials under normal use for a period of 90 days after delivery of the computer to you. During this 90-day period, we, or third parties we designate, will replace the Software if you have notified us of the defect and that we have found the Software to be defective. You acknowledge that your sole and exclusive remedy for any defect described in this Section 7.4 is limited to replacement. THE EXPRESS WARRANTIES SET FORTH IN THIS SECTION 7 ARE IN LIEU OF ALL OTHER WARRANTIES REGARDING THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

7.5 Limitation of Liability. You acknowledge and agree that your exclusive remedies, and our entire liability, with respect to the Software, are as set forth in this Section 7. You further agree and acknowledge that we will not be liable to you for any consequential damages arising out of your use or inability to use the Software or the breach of any express or implied warranty in this Section 7.

7.6 Software Updates. We, or third parties we designate, may require you in the future to install and/or implement new updates to the Software, and we may require you to enter into one or more addenda to this Agreement, or separate software license agreements. As the Software evolves, we, or third parties we designate, may require you to update your computer hardware ~~in order to~~ accommodate new releases of the Software. You agree to comply with all System Standards relating to the Software.

## SECTION 8: PAYMENTS, REPORTS AND RECORDS

8.1 Initial Franchise Fee. When you sign this Agreement, you will pay us an initial franchise fee of \$34,500. The initial franchise fee is in consideration of the administrative and other expenses we incurred in entering into this Agreement, and for our lost or deferred opportunity to enter into a similar arrangement with others. The initial franchise fee is fully earned when we sign this Agreement, and is non-refundable.

8.2 Royalty Fee. During the term of this Agreement, and for as long as you are using the System or Marks, you will pay us a continuing royalty fee equal to 10% of your billings and other revenues of every kind and nature related to the Franchised Business from whatever source derived, whether in the form of cash, credit, agreements to pay or exchange of property or other barter, and whether or not payment is received at the time of sale or is subject to a deferred payment or promissory note, and regardless of whether any such



amounts prove to be uncollectible by you, as well as the full retail value of any gift certificate or coupon sold for use at the Franchised Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Revenue), but not including any sales taxes or other taxes you collect for transmittal to the appropriate taxing authority and not including any bona fide and documented refunds to clients (collectively, **"Gross Revenue"**). Gross Revenue from a client is deemed to have been earned and received by you on the date on which the related invoice is sent to the client.

8.3 Brand Fund Fee. ~~You~~ You will also pay us a non-refundable fee to support the Brand Fund in an amount we specify, subject to a maximum monthly fee of 5% of each calendar month's Gross Revenue. The specific amount of the Brand Fund fee ~~that you must pay~~ (as of the Effective Date, 1%) is listed in the Operations Manual.

8.4 Software License Fee. You will also pay us, or third parties we designate, our current license fee for the Software (**"Software License Fee"**). The current Software License Fee is ~~\$110~~ \$250 per month.

8.5 Place and Method of Payment. You will pay us, without billing or demand, the royalty fee, Brand Fund and the software license fee required by this Agreement, on a monthly basis, by the 10th day of each month for the previous monthly period. You will submit your payments to us together with any statements and reports required under Section 8.11. All fees and other payments due to us under this Agreement will be made to us at our headquarters, or as we otherwise specify in writing. We have the right to require you to transmit fees and other payments to us by means of electronic fund transfers, sweep accounts, Internet payment methods, or other methods in accordance with procedures that we may establish in the Operations Manual or otherwise specify in writing. If we require alternate means of payment, you must execute all required authorizations and other documents, establish any required accounts, maintain adequate balances to cover your payment obligations, and otherwise cooperate with us to effectuate these means, and you must ensure that each payment is timely and fully made.

8.6 Late or Dishonored Payments. If we do not timely receive any fee or any other amount due to us under this Agreement on or before the applicable due date, or if funds in your account are insufficient to cover the amounts you owe us at the time we make our funds transfer request you will pay us a late fee equal to \$100, plus the lesser of the daily equivalent of 1.5% per month simple interest of any overdue amount, or the highest rate then permitted by applicable law, for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments. If any check, electronic payment or other payment you tender to us is not honored for any reason, you will pay us an additional fee of \$100 to help offset bank charges and administrative expenses.

8.7 Taxes. You will pay to us when due any federal, state or local sales, gross receipts, use, value added, excise or similar taxes that are levied or assessed against us because of any fees and other payments you make to us under this Agreement, but not including any income tax or franchise tax or other tax assessed against us for the privilege of doing business in your state.

8.8 Allocation of Payments. Unless we otherwise agree in writing, all payments you make to us under this Agreement will be applied in whatever order we determine in our sole discretion. We will not be bound by your instructions for allocation.

8.9 Right of Offset. We will have the right at any time before or after termination of this Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or liabilities that we may owe you, whether arising under this Agreement or any other agreement, loan, transaction or relationship between the parties.

8.10 Books and Records. You will maintain complete and accurate accounting books and records relating

to the Franchised Business in accordance with generally-accepted accounting principles, subject to this Agreement and other reasonable accounting standards we may periodically specify.

8.11 Reports. You will prepare and submit to us by the 10th day of each month, in a form acceptable to us, the following financial reports on the Franchised Business for the previous month: (a) a balance sheet; (b) an income statement; and (c) an income statement for your fiscal year-to-date. Within 90 days after the end of each of your fiscal years during the term of this Agreement, you will prepare and submit to us a balance sheet as of the last day of that fiscal year, and an income statement for that fiscal year. Your financial reports must be prepared according to generally-accepted accounting principles. You will prepare and submit to us other written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit to us any required periodic reports within the time period required by the System Standards. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require that certain reports you are required to submit be certified as accurate and complete by you, your owners or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify.

8.12 Our Right to Estimate Gross Revenue. If you fail to submit to us, within the time required in Paragraph 8.11 above, the required financial reports, or if your financial reports are insufficient to permit a proper determination of Gross Revenue, we will have the right to deliver to you an estimate, created by us, of your Gross Revenue for the period under consideration, and you will be required to immediately pay to us any amount shown thereby to be owing on account of the royalty fee, Brand Fund, software license fee and other sums due. Any such estimate will be final and binding upon you, and you must pay us our monthly fees based on that estimate (either directly or electronically, as we determine). You acknowledge that this Paragraph 8.12 does not constitute an agreement by or requirement imposable upon us to estimate your Gross Revenue and accept payments from you when you fail to send us financial reports or otherwise send us inadequate financial reports. You acknowledge that your failure to submit the required financial reports will constitute grounds for termination of this Agreement, as provided in this Agreement.

8.13 Ownership Information. You will promptly furnish to us a list of all holders of legal and beneficial interests in you (if you are a Business Entity), together with description and percentage of ownership amount, addresses and telephone numbers, certified in writing as being accurate and complete.

8.14 Record Retention. You will retain copies of all reports, and originals or copies of all other information, books, records, and other materials relating to operation of the Franchised Business for a period of 5 years following their respective dates.

## SECTION 9: SYSTEM STANDARDS AND MANUAL

9.1 System Standards. At present, the System includes: (a) our trade secrets and other intellectual property, including Confidential Information, the Operations Manual and know-how; (b) distinctive interior design, decor, fixtures and furnishings; (c) marketing, advertising, publicity, public relations and other promotional materials and programs; (d) materials and programs for recruiting, hiring and training tutors; (e) proprietary tutoring material and programs; (f) written System Standards; (g) the Software; and (h) service and client satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the approved services and items marketed by our franchisees, and to protect our reputation and goodwill.

9.2 Modification of Operations Manual. We may periodically modify the System, including any of the System Standards, by providing you with written notice of any change to the System Standards or to the Operations Manual. We have the right to prescribe additions to, deletions from or revisions of the Operations

Manual (the "Supplements"), all of which will be considered a part of the Operations Manual. All references to the Operations Manual in this Agreement will include the Supplements. Supplements will become binding on you as if originally set forth in the Operations Manual, upon being delivered to you. The Operations Manual and any Supplements are material in that they will affect the operation of the Franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement. You will keep your copy of the Operations Manual up to date, and will implement all mandatory modifications promptly after we give you written notice. If there is a dispute as to the contents or meaning of any part of the Operations Manual, the version we maintain at our headquarters will be controlling. You acknowledge that while the Operations Manual is designed to protect our reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of your Franchised Business.

9.3 Ownership of the System. We own all rights, title and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a license, derived solely under this Agreement. Your unauthorized use of the System will be a material breach of this Agreement.

9.4 Variations. It may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing client needs and market conditions. We specifically reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or any other factor that we consider important to the successful operation of the particular franchisee's business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

## **SECTION 10: MARKS AND COPYRIGHTS**

10.1 Ownership of the Marks. You acknowledge that we own all rights, title and interest in and to the Marks. You will not acquire any proprietary interest in the Marks, and you will not challenge ownership of the Marks or our right to use the Marks. Your right to use the Marks is merely a license, derived solely under this Agreement.

10.2 Registration. We have taken and will take all steps reasonably necessary, in our sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of our registration and claims as required in the Operations Manual. You will cooperate fully and in good faith with us for the purpose of maintaining any registrations and prosecuting any registration applications for the Marks, and otherwise securing and preserving our rights in the Marks.

10.3 Use of the Marks. You will not use the Marks without our prior express written consent. Before each intended use of any item or material of any nature which bears any of the Marks, you will submit to us samples of the items and materials. You will use the Marks only as expressly authorized or required by this Agreement, the Operations Manual or as we otherwise provide in writing. Any unauthorized use of the Marks by you will constitute a material breach of this Agreement, and an infringement of our rights in the Marks. You will take all steps necessary or appropriate to preserve the goodwill and prestige of the Marks. You will use the Marks only in connection with the Franchised Business. You will not use any Mark in your corporate name or legal name, but you may use a Mark in an assumed business or trade name if you first obtain our prior express written consent. You will not use any Mark with any prefix, suffix or other modifying trademarks, logos, words, terms, designs or symbols or in any modified form. You will not use any Mark in connection with any unauthorized item or service, or in any manner not expressly authorized under this Agreement.

10.4 Inurements. All usage of the Marks and any goodwill associated with the Marks will inure exclusively to our benefit. All present and future service marks, trademarks, copyrights, service mark registration and

trademark registration used or to be used as part of the System, and the associated goodwill, will be our property, and will inure solely to our benefit. ~~Upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks exclusive benefit.~~

10.5 Infringement and Litigation. You will promptly notify us in writing of: (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System against (or naming as a party) you or us, of which you become aware. We will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we deem appropriate, in our sole discretion. You will cooperate fully and in good faith with our efforts to resolve these disputes. We may bring suit in your name or join you as a party to the relevant proceedings. We may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Franchised Business, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. For so long as you use the Marks in accordance with this Agreement, we will defend you against any third-party claim, suit, or demand arising out of your use of the Marks, and we will bear the cost of legal defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will execute any documents and do whatever may be necessary in our opinion to carry out this defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that this litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your reasonable out-of-pocket litigation costs in cooperating with us in the litigation.

10.6 Substitution of Marks. We reserve the right to substitute different proprietary marks for use in identifying the System, the Franchised Business, and/or the services or items offered by the Franchised Business, if the Marks no longer can be used, or if we, in our discretion, determine that substitution of different proprietary marks will be beneficial to the System. In this situation, the use of the substituted proprietary marks will be governed by this Agreement as if they were included in the original Marks, and we will not compensate you for your costs of making the substitution. You will promptly implement any required substitution, at your own expense.

10.7 Copyright Materials. You acknowledge and agree that we own or are the licensee of copyrighted materials used in connection with the operation of the Tutoring Center, and that we may create, acquire or obtain licenses for additional copyright materials used in connection with the operation of the Franchised Business. By virtue of the Franchise, we give you the right to use these materials, but only if you use them according to the System Standards. We retain ownership of all copyright works.

10.8 Improvements to the System. All present and future distinguishing characteristics, improvements and additions to, or associated with, the System by us, you or others, and the associated goodwill will be our property, and will inure solely to our benefit. You hereby permanently and irrevocably assign to us any and all rights and interests (including intellectual property rights and interests) to any and all of the following which is developed by you, or on your behalf, if developed in whole or in part in connection with your Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising and promotional programs, campaigns or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Franchised Business. You agree that you will not use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval. We may authorize ourselves, our affiliates and/or other Tutoring Club businesses to use and exploit any such rights which are assigned to us hereunder. The sole consideration for your assignment to us of

all of the foregoing rights shall be our grant of the franchise conferred upon you by this Agreement.

## SECTION 11: CONFIDENTIAL INFORMATION

11.1 Confidential Information. We possess certain non-public trade secrets, proprietary information, technical data, or know how which relate to our business, System, services or items, or to a Franchised Business, including the Operations Manual, System Standards, quality-control systems, tutor ~~recruiting~~ recmiting and training materials and programs, tutoring materials and programs, the Software, and information regarding salary, research, items, services, developments, inventions, processes, techniques, designs, marketing, finances, field operations, employee ~~recruiting~~ recmiting and supplier relations (collectively, the “**Confidential Information**”) that we will provide to you. You will also obtain other Confidential Information during the term of this Agreement. You acknowledge that your entire knowledge of the operation of a business providing tutoring services, and related services and items, and the related specifications, standards, and procedures involved in the operation of a Franchised Business are derived solely from Confidential Information we disclosed (or will disclose) to you.

11.2 Protection of Confidential Information. You will use the Confidential Information only in the operation of the Franchised Business, and you will not disclose Confidential Information to others, except as expressly authorized by this Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information. You are specifically required to keep the Operations Manual in locked storage, if you have a physical copy, or behind password protection, if you have an electronic copy. Access to Confidential Information must be limited to only your employees who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed a confidentiality agreement. You will not copy or permit copying of Confidential Information. Your obligations under this Section 11 begin when you sign this Agreement and continue for trade secrets as long as they remain secret, and, for other Confidential Information, for as long as we continue to use the information in confidence (even if edited or revised) plus 3 years. You agree to pay all court costs and reasonable attorney fees that we incur as a result of your actual or threatened disclosure of Confidential Information.

11.3 Disclosure of Confidential Information. Despite anything to the contrary in this Section 11, you may disclose Confidential Information if you are required by law to disclose it, provided that you give us at least 10 days’ notice of your intent to disclose. You may also disclose Confidential Information to your attorneys, accountants, financial and investment advisors, and bankers or lending institutions, provided that:

- (a) any disclosure is only to the extent necessary for your advisors to perform their services for you; and
- (b) these people agree in writing to keep the Confidential Information confidential.

11.4 Confidentiality Agreements. If we request, you will require your Directors and other employees to sign and deliver to us confidentiality agreements on the form attached to this Agreement as *Attachment F*.

## SECTION 12: ADDITIONAL COVENANTS

12.1 Non-Competition. You acknowledge that the System is distinctive and has been developed by us (or our affiliates) at great effort, time, and expense, and that you have regular and continuing access to valuable and confidential information, training, and trade secrets regarding the System (including the Confidential Information). You agree that, during the term of this Agreement, you, or if you are a Business Entity, each of your owners agree that you will not engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with, any business: (a) whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks; (b) which offers or provides tutoring services or related services and products; or (c) which offers or provides approved services or approved products, other than the Franchised Business (a “**Competitive Business**”) anywhere. You also agree that you will not divert or attempt to divert any business or client of us or any of our affiliates or franchisees to any

## Competitive Business.

12.2 Inspections and Audits. You grant to us and our employees, representatives and agents the right to enter your Tutoring Center at any reasonable time to inspect, audit, photograph, videotape, take sound recordings, interview your Directors, managers, employees, agents, and representatives; interview your clients; make copies of your books, records and other documents relating to your Franchised Business; and take samples of documents, inventory, supplies, items and other materials. You and your owners, officers, Directors, managers, employees, agents and representatives must cooperate with the inspections of your operations (including your equipment, furnishings, fixtures, signs and supplies), files, documents, records, items and Mark usage, and to audit your financial and operating books, tax returns, and records relating to the Franchised Business, with or without prior notice of the inspection or audit. You must pay us any underpayment of, and we will credit your account for any overpayment of, royalty fees and Brand Fund fees discovered by an audit. You will pay us for the reasonable travel, lodging and meal expenses, and other audit and inspection costs we incur if you or your owners, officers, Directors, employees, agents or representatives fail to ~~fully~~ fully cooperate with our representatives, or if the audit reveals that you paid us less than 97% of the correct amount of fees for any month. We may publish or disclose the results of our inspections and audits. Our rights under this Section 12.2 survive for 2 years after expiration or termination of this Agreement, or any Transfer.

12.3 Independence. You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees.

(a) Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. All employees hired by or working for you can never, under any circumstances or for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Each of the parties must file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments, 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.

(b) We do not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in us the power to hire, fire or control any such employee. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be ~~construed~~ constmed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

(c) You ~~acknowledge and agree, and will never contend otherwise, that you alone will exercise day to day control over all operations, activities and elements of your Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further~~ acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in our Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

(d) You agree to inform each of your employees that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure explaining the differences between us and you, their employer or contractor. Our current form of Franchise Relationship Acknowledgement is attached to our Franchise Disclosure Document as **Exhibit J**.

(e) Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that your Tutoring Center is developed and operated in compliance with all applicable laws, ordinances and regulations and that we will have no liability in the event the development or operation of the Tutoring Center violates any law, ordinance or regulation.

~~(f) You do not have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement.~~

12.4 **Joint Status**. If you comprise 2 or more persons or entities (despite any agreement, arrangement or understanding between or among these persons or entities), the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all these persons or entities.

12.5 **Your Indemnification of Us**. Independent of your obligation to maintain insurance coverage, you will indemnify, defend and hold us and our affiliates, the respective officers, directors, partners, shareholders, employees, agents and contractors of these entities, and the successors, assigns, personal representatives, heirs and legatees of all these persons or entities, (collectively, the **“Indemnitees”**) harmless, to the fullest extent permitted by law, from and against all payments or obligations to make payments either: (a) to or for third party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, respond to or defend a matter, including investigation and trial charges, costs and expenses, costs of investigation, attorneys’ fees, experts’ fees, court costs, settlement amounts, judgments and costs of collection (collectively, **“Losses and Expenses”**), incurred by any Indemnitee for any investigation, claim, action, suit, demand, (regardless of whether any of the foregoing is reduced to judgment), administrative or alternative dispute resolution proceeding, formal or informal inquiry actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with:

(a) Any transaction, occurrence or service involving the Franchised Business.

(b) Your marketing or providing of any services and items.

(c) The infringement, alleged infringement or any other violation by you, you owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

(d) Your, or your owners’, violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

(e) Your, or your owners’, libel, slander, or any other form of defamation.

(f) Your employment or other contractual relationship with your employees, workers, Directors, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

(g) Any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with

you or any of the owners, officers, directors, Directors, managers, employees, and agents of you or your affiliates, INCLUDING WHEN THE ACTIVE OR PASSIVE NEGLIGENCE OF ANY INDEMNITEE IS ALLEGED OR PROVEN.

You will respond promptly to any matter described in this Section 12.5, and defend each Indemnatee. You will reimburse each Indemnatee for all costs of defending the matter, including attorneys' fees, incurred by the Indemnatee if you or your insurer does not assume defense of the Indemnatee promptly when requested. We must approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us, the Marks or the System, or could serve as a precedent for other matters.

12.6 Our Indemnification of You. We will indemnify, defend and hold you harmless from and against all investigation and trial charges, costs and expenses, attorneys' fees, experts' fees, court costs, settlement amounts, judgments and costs of collection incurred by you in any action or claim, actually or allegedly, arising out of or resulting from or in connection with the gross negligence or intentional misconduct of us or any of our employees while acting within the course and scope of their employment.

12.7 Attorney's Fees for Third Party Actions. If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to this Agreement, any and all related agreements, the Franchised Business as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, and/or representatives) or the Franchised Business; by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to us, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

12.8 Consent to Use of Likeness and Tutoring Center Premises. You agree that we have the right to use, without paying you any compensation, the likeness (including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your owners; and (c) the Tutoring Center premises, for any purposes relating to the promotion or marketing of the System or Marks.

## **SECTION 13: TRANSFERS**

13.1 Transfer by Us. We will have the right to transfer or assign all or any part of our rights or obligations under this Agreement to any person or legal entity. For any assignment which results in the performance by the assignee of all of our obligations under this Agreement, the assignee will expressly assume and agree to perform these obligations, and will become solely responsible for all of our obligations under this Agreement from the date of assignment. You acknowledge that we may sell our assets, Marks, or System; may sell our securities in a public offering or in a private placement; may merge, acquire other entities, or be acquired by another entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

13.2 Transfer by You. You acknowledge that your rights and duties in this Agreement are personal to you, and that we have entered into this Agreement with you in reliance on your business experience, skill, financial resources and personal character (and that of your owners, officers, directors, Directors and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual or Business Entity which directly or indirectly owns any interest in you will sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this



Agreement, or in you, or in all or substantially all of the assets of the Franchised Business (collectively, a "Transfer"), unless we consent and unless all of the requirements of Section 13.3 and Section 13.4 are satisfied. Any transaction requiring our consent under this Section 13.2 for which our express written consent is not first obtained will be void as between you and us. In that situation: we may terminate this Agreement under Section 14.1; and you will remain responsible for performing the posttermination obligations in Section 15; and the purported transferee may not operate the Franchised Business under the Marks or the System.

13.3 Transfer Conditions. We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when our consent is needed under Section 13.2 until the transferee and you satisfy certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for a franchise and must meet all of our then-current standards and requirements for becoming a franchisee, in our sole discretion;~~(b)~~ (b) you or the proposed transferee must provide to us in writing a description of the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant; (d) you or the proposed transferee must pay us a non-refundable transfer fee equal to half of the initial franchise fee we then charge for new franchisees; (e) the proposed transferee must sign the form of franchise agreement we then offer to prospective franchisees, which agreement will generally provide for a new term equal to the remaining term of this Agreement (including any remaining renewal terms), and the transferee's owners will sign the form of owners agreement we then require of franchisees' owners; (f) the proposed transferee and its Director (and, if it is a Business Entity, at least 1 of its owners) must complete to our satisfaction the initial training then required for new franchisees and their Directors and owners; (g) you or the proposed transferee must refurbish or upgrade the Tutoring Center (including equipment, furnishings, fixtures, signs and materials) to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise; (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates; (j) you must give us at least 30 days prior written notice of any proposed Transfer; (k) you or the transferee must provide us with whatever additional information we reasonably request; and (l) you must agree in writing not to compete with us or your transferee after the Transfer is completed. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied. We will waive the transfer fee and possibly other of these conditions if you are an individual assigning this Agreement to a newly-formed and wholly-owned Business Entity.

13.4 Right of First Refusal. Any individual or Business Entity holding any direct or indirect interest in this Agreement or in a substantial portion of the assets of the Franchised Business or in you (if you are a Business Entity) and who desires to accept any bona fide offer from a third party to purchase this interest or these assets will notify us in writing of each offer, and will provide whatever information and documentation relating to the offer that we reasonably request. We will have the option, exercisable within 30 days after receipt of the written notification, to send written notice to the seller that we or our designee intend to purchase the seller's interest on the same terms and conditions offered by the third party. If we or our designee elect to purchase the seller's interest, closing of the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller's interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described to us in the written notice. Any material change in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 13.4 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 13.2 and Section 13.3 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are such that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant interest for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration terms or conditions offered by the third party, then each party will select an independent appraiser. The 2 appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during

that period, then they will jointly select a third independent appraiser, whose decision will be final and binding on the parties.

13.5 Transfer Upon Death or Incapacity. Upon the death or determination of incapacity of any person with an interest in this Agreement or a controlling interest in you (if you are an entity), the executor, administrator, personal representative, guardian or trustee of the relevant person or entity will transfer the relevant interest to a third party approved by us within 4 months of the applicable death or incapacity. All transfers under this Section 13.5, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as other Transfers under this Agreement. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable or unwilling to meet the conditions in this Section 13.5, the executor, administrator, or personal representative of the decedent will have a reasonable time (but no longer than 9 months) to dispose of the decedents' interest in the franchise, which disposition will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within 9 months following the relevant death or determination of mental incompetence, we may terminate this Agreement, pursuant to Section 14.1. If, following the death or incapacity of any person with an interest in this Agreement or a controlling interest in you (if you are a Business Entity), we determine, in our sole discretion, that the Franchised Business is being adversely affected by the death or incapacity, we may exercise our Step-In Rights as stated in Section 14.5. For purposes of this Agreement, "incapacity" means as the inability of relevant person to operate or oversee the operation of the Tutoring Center on a regular basis as a result of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation.

13.6 No Waiver. Our consent to a Transfer will not constitute a waiver of any claims we may have against you or the transferring party or a waiver of our right to demand strict compliance with any provision of this Agreement.

13.7 No Sale Notice. You will not, without our prior express written consent, place ~~in or around the location of the Tutoring Center, or in any communication media,~~ or display any form of advertising relating to the offer for sale of the Tutoring Center or relating to any other proposed Transfer.

13.8 Broker's Fees. If you (or your owners, if you are a Business Entity) consummate a Transfer to a buyer who was obtained through the services of a broker, you ~~will be responsible for paying~~ must pay the broker's commission or fee.

## **SECTION 14: DEFAULT AND TERMINATION**

14.1 Termination by Us without Right to Cure. You will be deemed to be in material non-curable default under this Agreement, and we may terminate this Agreement for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds: (a) you are judged a bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Franchised Business; (b) you or any of your owners are convicted of a felony or other crime which substantially impairs or might substantially impair the goodwill associated with the Marks in all or part of your Protected Territory; (c) you or your owners made any material misrepresentation or omission in the application for the Franchise; (d) you make an unauthorized Transfer; (e) the interest of a deceased or mentally incompetent person is not timely transferred in accordance with the terms of this Agreement; (f) you understate your Gross Revenue in any report or financial statement on 2 or more occasions; (g) you commit any 2 or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured; (h) you fail to operate the Franchised Business for more than 5 consecutive days (after you begin operations) without our express written approval; (i) you and we are unable to agree upon a suitable site for the Tutoring Center within 6 months after the Effective Date; (j) you fail to begin operating the Franchised Business within 6 months from the Effective Date of this Agreement; (k) after the corrective action described in Section 4.2, your Director fails to successfully complete the initial training

program to our satisfaction (l) you sell or offer any services or items that we have not previously approved in writing, or which have been subsequently disapproved, and you do not stop offering or selling the services or items within 24 hours after you receive written notice from us; (m) you suffer termination of other agreement with us or any of our affiliates; (n) you fail to cure, within 24 hours after you receive written notice from us, any default under this Agreement which materially impairs or threatens to impair the goodwill associated with any of the Marks; (o) you knowingly breach any of the confidentiality provisions of this Agreement; (p) you materially misuse or make any unauthorized use of the Software; or (q) you fail to timely and fully pay any of your employees, and you fail to correct this default within 24 hours after you receive written notice from us.

14.2 Termination by Us with 10-Day Cure Period. If you fail or refuse to timely pay any amounts owed to us or any of our affiliates, or if you fail to obtain or maintain insurance as required by this Agreement, we may, at our option, terminate this Agreement by giving you 10 days' written notice of default. If you do not cure the relevant default within this 10-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

14.3 Other Termination by Us. Except as provided in Sections 14.1 and 14.2, if you are in any other default under the terms of this Agreement, we, at our option, may terminate this Agreement by giving you 30 days' written notice of default. If you do not cure this default within this 30-day period, we may terminate this Agreement for good cause effective upon delivery of notice of termination to you.

14.4 Additional Remedies. We may deny you the benefits of the System for any default under this Agreement, for as long as the default continues. We may institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice. We may withhold our consent or approval which you must seek under this Agreement or the System Standards while you are in default under this Agreement or we may condition ~~our approval on the cure of your curing all of your defaults.~~ Our termination of this Agreement pursuant to Section 14 will be in addition to all other available remedies, in law or in equity, ~~available to us.~~

14.5 Operation of the Tutoring Center. You recognize that any interruption in services to clients at your Tutoring Center can harm the goodwill associated with the Marks. Therefore, you agree that, in addition to our other rights under this Agreement, if you have failed to cure a default covered by Section 14.3 within the 30-day cure period after notice is given, or your Tutoring Center has not yet been Transferred after your death or incapacity, then we may, at our option, exercise our Step-In Rights. Specifically, our "Step-In Rights" will allow us to enter your Tutoring Center and exercise complete authority with respect to the operation of said business until you have cured the default and are otherwise in compliance with this Agreement. You also agree to pay us our then-current per diem fee for our management services we provide in operating your Tutoring Center, plus all travel expenses, living expenses and other expenses reasonably incurred by each of our representatives involved in operating your Tutoring Center. You further agree to indemnify and hold us and any of our representatives harmless for any liability for any acts and omissions arising in connection with the operation of your Tutoring Center under this Section 14.5.

14.6 Governing State Law. If a longer notice or cure period or a different good cause standard is required under applicable law, then that law will apply to any termination of this Agreement. This Section 14.6 does not, however, require or endorse the application of a state's law that otherwise would or does not apply as a result of Section 17.4 of this Agreement.

14.7 Termination by You. You may terminate this Agreement if we have committed a material breach of this Agreement and have substantially failed to cure the breach within ~~2 months~~ 60 days after we receive written notice of breach from you.

## SECTION 15: POST-TERMINATION RIGHTS AND OBLIGATIONS

15.1 Cease Use of System and Marks. Upon the expiration or termination of this Agreement by any means or for any reason or upon a Transfer, you will immediately cease to be a franchisee of ours and you will no longer have any rights to use the System or Marks under this Agreement. You will immediately stop operating the Franchised Business under the System or Marks. You will also immediately stop using, in any manner whatsoever, any methods, procedures, or techniques associated with the System and stop using the Marks in any manner. Unless we otherwise agree in writing, you will return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Franchised Business is or was operated under or in any way connected with the System, or hold yourself out as a present or former franchisee of ours.

15.2 Payment of Amounts Owed. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately pay all sums you owe us and our affiliates. Upon termination for any default by you, the sums you owe us will include actual and consequential damages, costs, and expenses, including reasonable attorneys' fees, we incur as a result of the default, as well as the liquidated damages stated in Section 15.3. Your obligation will give rise to and remain, until paid in full, a ~~lien-hen~~ in favor of us against any and all of the assets of the Franchised Business at the time of termination.

15.3 Liquidated Damages. If an "early termination" of this Agreement occurs (which will mean any termination of the Agreement before the end of the term, other than due to a mutual termination), you will immediately pay us "Liquidated Damages." The parties agree that it would be impracticable or extremely difficult to calculate the actual amount you would have been obligated to pay as royalty fees, Brand Funds, and any other fees due under this Agreement through the end of the term, and that the following method of calculation represents a fair and reasonable estimate of our damages and that these damages are not a penalty. Liquidated damages will be equal to the combined monthly average of royalty fees, Brand Funds, and any other fees under this Agreement (without regard to any fee waivers or other reductions) payable from the date you begin operating your Franchised Business through the date of early termination, multiplied by the greater of: (i) twenty-four (24), or (ii) the number of full months remaining in the term.

15.4 Return Operations Manual and Other Materials. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately return to us the Operations Manual, any training materials, other proprietary information, all trade secrets and confidential materials owned or licensed by us, and all copies.

15.5 Return of Software. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately return to us all Software.

15.6 Change of Identification. Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signs and other items bearing any Marks and provide written confirming the steps taken to remove or obliterate the Marks in a manner satisfactory to us. You will follow the other steps we may require in the Operations Manual or otherwise in writing for changing the identification of your operations. You will immediately cancel all advertising and other marketing programs using any of the Marks. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks in connection with any business, which is likely to cause confusion, mistake, or deception or which is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. If you fail or refuse to comply with the requirements of this Section 15.5, we will have the right to enter your offices and other business premises to make whatever changes may be required, at your expense. You agree to reimburse us for our expenses upon demand.

15.7 Client Lists. Upon the expiration or termination of this Agreement for any reason, you must

immediately provide to us all copies of client lists and contact information in your possession or control.

15.8 Transfer of Telephone Number, Listings, and Websites. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately take whatever action we require to transfer and assign to us or our designee all telephone numbers relating to the Franchised Business. You acknowledge that we have the sole rights to and interest in all telephone numbers and directory listings relating to any Mark, and you authorize us to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to us or our designee. Further, you will assign to us any and all Websites associated with the Marks, System, or your Franchised Business. If you fail or refuse to do so, the telephone company and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers and directory listings and our authority to direct the transfer. ~~You~~ You agree to execute any written authorizations or pre-approved authorizations in the form prescribed by us directing the telephone company and any listing agencies to transfer all telephone numbers and directory listing to us or our designee upon the occurrence of any termination or expiration. You hereby irrevocably appoint us as your attorney-in-fact for this purpose. You will use your best efforts to assist us and our designee in an orderly transfer of these matters. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to your Franchised Business, the Marks, us, or the System, and includes social media sites.

15.9 Cancel Assumed Name. You ~~will~~ must take ~~whatever any~~ action ~~that is~~ necessary to cancel any assumed name or equivalent registration which contains any Mark. Within 10 days after termination or expiration of this Agreement, you will furnish us with evidence satisfactory to us that you have complied with this obligation.

15.10 Assignment of Lease. If we request, you will assign to us your lease for the Approved Location.

15.11 Non-Solicitation and Non-Competition. You agree that you will not, directly or indirectly, for a period of 3 years after the expiration or termination of this Agreement or any Transfer:

(a) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any Competitive Business within 15 miles of your former Protected Territory; or

(b) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any Competitive Business within 15 miles of any business owned or operated by us or any of our affiliates or franchisees; or

(c) solicit or attempt to solicit any client of the Franchised Business or any client of ours or any of our affiliates or franchisees; or

(d) interfere with our relationship with any person, including any person who at any time during the term of this Agreement was an employee, contractor, supplier, or client of ours or yours.

The parties agree that each of the covenants in this Section 15.11 will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 15.11 is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you agree to be bound by any lesser covenant imposing the maximum duty permitted by law that is included within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this Section 15.11. You further agree that the existence of any claim you may have against us, whether

or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 15.11. You acknowledge and agree that we will have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant in this Section 15.11 (before or after any dispute arises), without your consent, effective immediately upon receipt by you of written notice of any modification; and you agree that you will comply immediately with any covenant as modified. You also agree that any period of time specified in this Section 15.11 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant, and will begin only when you are in compliance with the restrictive covenants in this Agreement.

15.12 Other Post-Termination Obligations. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately and strictly comply with all other provisions of this Agreement pertaining to your post-termination obligations.

15.13 Right to Purchase. We have the right, but not the obligation, to purchase for cash some or all of the assets of the Franchised Business, including any equipment, furnishings, fixtures, signs, supplies, marketing materials, and any items bearing any Mark, at the lesser of your cost or fair market value. Before exercising these rights, we will have the right to inspect the assets. If we elect to exercise our purchase rights, we will give you written notice of intent to do so within 30 days after termination or expiration of this Agreement. If the parties cannot agree on fair market value within 15 days after we provide notice of intent to purchase, we will designate an independent appraiser, and this appraiser's determination will be binding. If we elect to exercise our purchase rights, closing will take place within 45 days after we provide notice of intent to purchase. We will have the right to offset all amounts you owe to us or our affiliates, and the cost of the appraisal, if any, against any payment for the relevant assets.

15.14 Refund of Pre-Payments. As set forth in Section 5.29 above, you agree to, following the expiration or termination of this Agreement, refund all Pre-Payments in full to the appropriate customers (or, in our discretion, to us or our designee).

15.15 Survival of Certain Provisions. Sections 11, 12, 15, 16, and 17 (or parts of those sections) survive termination or expiration of this Agreement (regardless of which party initiates termination or whether termination is wrongful) or a Transfer by you. You will continue to comply with your continuing obligations under these sections following termination or expiration of this Agreement or following a Transfer until these obligations, by their nature or by the relevant express provisions, expire.

## **SECTION 16: DISPUTE RESOLUTION**

16.1 Informal Dispute Resolution. Before initiating any arbitration or litigation proceeding for any dispute arising under or relating to this Agreement (except as otherwise expressly permitted in this Agreement), the party intending to initiate the proceeding will notify the other party in writing of the existence and nature of the dispute. Within 15 business days after the other party's receipt of the notice, one of our officers or managers will meet with you or one of your owners, officers or managers at our principal place of business or another mutually-agreeable location, to negotiate in good faith in an effort to resolve the dispute amicably. If this informal attempt to resolve the dispute is unsuccessful, either party may initiate arbitration as described in Section 16.2.

16.2 Binding Arbitration. Without limiting our rights and remedies under Section 14, the parties agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations will, at the request of either party, be settled by final and binding arbitration conducted under the then-current Commercial Arbitration Rules of the American Arbitration Association (the "Rules") or its successor organization (the "AAA"), as modified by this Agreement. You and we waive our right to litigate any dispute relating to this Agreement. The Federal Arbitration Act will apply to all arbitration and arbitration venue questions. The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be conducted

as provided in this section.

(a) Notice of Arbitration. If we and you are unable to reach a resolution through the informal dispute resolution proceeding, then either you or we may initiate the arbitration proceeding by making a written demand to the other party, and both you and we will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement for any non-curable default. Arbitration will not proceed until any protest of arbitrability is resolved by an appropriate court, if necessary.

(b) Selection of Arbitrator(s). The parties will select an arbitrator in the manner provided by the Rules. Arbitration will be conducted before a single arbitrator who has at least ten (10) years of experience in practicing franchise law as being their primary area of practice. That arbitrator's decision will be binding.

(c) Preliminary Conference. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At the preliminary conference, the date for the hearing will be set which will not, unless both parties agree, be more than 120 days after the date of the preliminary conference. At the preliminary conference, the arbitrator will designate the procedures to be followed at the hearing.

(d) Discovery. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position. Neither side's depositions may consume more than a total of 18 hours. No party may make a speaking objection at a deposition, except to preserve privilege. The total period for the taking of depositions shall not exceed six weeks. No interrogatories or requests to admit may be propounded by either party. All discovery will be completed within 120 days after the preliminary conference, unless agreed otherwise by the parties.

(e) Statement of Case. At least 5 days before the scheduled hearing, each party will deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

(f) Hearing. Unless otherwise mutually agreed by the parties, all arbitration proceedings will be held in the city in which we then have our principal place of business.

(g) Arbitrator's Decision. The arbitrator will issue a written decision within 10 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the arbitrator's decision may be entered in any court with jurisdiction. This decision will be final and binding upon both parties, except for errors of law. The arbitrator will have authority to assess damages sustained by reason of any breach or wrongful termination of this Agreement, but will have no authority to amend or modify the terms of this Agreement. The award of the arbitrator must be accompanied by a reasoned opinion. The arbitrator may not declare any of the Marks generic or invalid.

(h) Time Schedule. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it, in his opinion, such modification is necessary for a proper resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

(i) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be

shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorneys' fees and expenses) incurred in connection with the dispute.

(j) Confidentiality. The entire arbitration procedures are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. Such matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

(k) Claims Barred. In connection with any arbitration proceeding, each party must submit any Dispute or claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) in the arbitration. Any such claim which is not submitted or filed as described above will be forever barred.

16.3 Provisional Remedies. Despite Sections 16.1 or 16.2, each party will have the right to immediately seek provisional remedies from an appropriate court, including declaratory relief, specific enforcement, temporary restraining orders or preliminary injunctions, before, during or after informal dispute resolution or arbitration. Neither party is required to await the outcome of any informal dispute resolution or arbitration before seeking provisional remedies. The seeking of provisional remedies will not constitute a waiver of either party's right to compel informal dispute resolution or arbitration. You acknowledge that any failure to fully and strictly comply with Sections 11.1, 11.2, 11.3, 12.1 or 15.11 will result in irreparable injury to us for which there is no adequate remedy at law, and you agree that, in the event of any noncompliance with either of those sections, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which we then have our principal place of business, or in another state court or federal district court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in those courts for the purpose of this Section 16.3, and the parties waive any objections that they would otherwise have as to jurisdiction and venue. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. You agree that your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held. You waive all claims for damages by reason of the wrongful issuance of any such injunction.

16.4 Costs of Enforcement. You must pay for all costs and expenses (including reasonable fees of attorneys and other engaged professionals) that we incur in issuing notices of default or termination, or in successfully enforcing or obtaining any remedy arising from the breach of, this Agreement. The existence of any claims, demands or actions which you or any of your owners, officers, or members may have against us, whether arising from this Agreement or otherwise, will not constitute a defense to our enforcement of your or any of owners, members, or officer's representations, warranties, covenants, agreements or obligations arising out of or by reason of this Agreement.

16.5 Attorney's Fees. If you or we take action in a judicial proceeding or in arbitration, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of, the proceeding. If either party obtains any provisional



remedy pursuant to Section 16.3, or otherwise obtains enforcement of any provision of this Agreement, or collects any amounts owed to it through an attorney or collection agency, the other party will be liable to the enforcing or collecting party for all costs and expenses of enforcement and collection including court costs and reasonable attorneys' fees, experts' fees and expenses incurred.

16.6 Jurisdiction. The parties agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, to the extent any dispute is not governed by Section 16.2, any litigation relating to this Agreement or the operation of the Franchised Business under this Agreement must be brought in the state or federal courts in Las Vegas, Nevada, or the federal or state court for the jurisdiction in which we then have our principal place of business; provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Franchised Business is or was located or where any of your owners lives. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in those courts for the purpose of this Agreement, and the parties waive any objections that they would otherwise have relating to jurisdiction and venue. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party.

16.7 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. THE PARTIES WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, MULTIPLE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY: (A) ACTUAL DAMAGES SUSTAINED BY IT; (B) LIQUIDATED DAMAGES AS PROVIDED IN SECTION 15.3; AND (C) TRADEMARK LAW TREBLE DAMAGES. IF SUCH CLAIMS AND DEMANDS CANNOT BE WAIVED BY LAW, THEN THE PARTIES AGREE THAT ANY RECOVERY WILL NOT EXCEED TWO (2) TIMES ACTUAL DAMAGES. THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

Your Initials:

16.8 WAIVER OF CLASS OR GROUP ACTION. ANY DISAGREEMENT BETWEEN YOU AND US (AND/OR OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION. YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, MEMBERS MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION OR CLASS ARBITRATION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION OR ARBITRATION.

Your Initials:

## **SECTION 17: GENERAL PROVISIONS**

17.1 Partial Invalidity. If all or part of any provision of this Agreement violates applicable law, that provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement will not be affected, and the parties will modify the invalid or unenforceable provision to the extent required to make it valid and enforceable. However, if in our judgment this result substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you, without penalty or compensation owed by either party.

17.2 Waivers, Modifications and Approvals. Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us for it, and we may withhold condition or withdraw our consent in our sole discretion. No failure of us to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the provisions of this Agreement will constitute a waiver of our right to demand exact compliance with any of the provisions of this Agreement. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due under this Agreement will not be considered a waiver or approval by us of any previous or later breach by you of any term, covenant, or condition of this Agreement. We will not be deemed to have waived any of our rights under this Agreement, nor will you be deemed to have been excused from performance of any of your obligations pursuant to this Agreement, unless this waiver or excuse is written and executed by an authorized representative of us and you. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must: be expressly designated as affecting this Agreement; be in writing; and be signed by our authorized representative. Despite anything to the contrary in this Agreement, you acknowledge and agree that Section 15.11 of this Agreement permits us to unilaterally modify that Section of this Agreement.

17.3 Notices. Any notice, reports, and other information and documents permitted or required to be delivered under Agreement will be in writing, and will be delivered to us at 11241 S. Eastern Avenue, Henderson, NV 89052, or to you at the address of the address listed on the signature page of this Agreement. Either party may modify its address for notices periodically by giving written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by: delivery service, with proof of delivery; or by pre-paid first class, priority or express U.S. mail, certified or registered with a return receipt requested. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

17.4 Governing Law. This Agreement takes effect upon its acceptance by us in the State of Nevada, and except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), and the Patent Act, this Agreement is governed by and will be governed by and interpreted according to Nevada law applicable to contracts made and to be wholly performed in that state without regard to its conflicts of law rules. By agreeing to the application of Nevada law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Nevada to which this Agreement or the parties' relationship would not otherwise be subject. You and we each acknowledge and agree that this choice of applicable state law provides each of the parties with the mutual benefit of uniform interpretation of this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

17.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, but all of the counterparts together will constitute one and the same instrument.

17.6 Construction-; Entire Agreement. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. The headings and captions contained in this Agreement are for the purpose of convenience and reference only, and are not to be construed as part of this Agreement. All terms and words used in this Agreement will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement. All references in this Agreement to Sections or Attachments refer to the relevant sections and Attachments, respectively, of this Agreement. This Agreement, together with the Attachments and any addenda attached, is the entire agreement, and supersedes all prior representations, agreements and understandings (oral or written) of the parties; however,

nothing in this Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Except for the Indemnities, or as otherwise expressly provided in this Agreement, there are no third party beneficiaries under this Agreement. No agreement between us and anyone else is for your benefit. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties hereto and their legal representatives, successors and permitted assigns. Time is of the essence. All rights and remedies existing under this Agreement or applicable law are cumulative of each other. The exercise or the failure to exercise any right or remedy will not preclude the exercise of any other right or remedy.

---

17.7 Force Maieure. Despite anything in this Agreement to the contrary, neither party will be in default under this Agreement by reason of its delay in performance of, or failure to perform, any of its obligations under this Agreement, if the delay or failure is caused by strikes or other labor disturbance; acts of God, or the public enemy, riots or other civil disturbances, fire, or flood; interference by civil or military authorities; compliance with governmental laws, rules, or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; delays in transportation, failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials; or, any other fault beyond its control or without its fault or negligence. In this situation, the time required for performance of the affected obligation will be the duration of the unavoidable delay.

17.8 State Addenda. The laws of certain states may supersede some of the provisions of this Agreement, and certain states require us to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in State Addenda attached as *Attachment B*. When you sign this Agreement, you will also properly sign the addenda if applicable. If multiple state addenda are made part of this Agreement, these state addenda will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between them.

## SECTION 18: ACKNOWLEDGMENTS

18.1. Accurate Information. You represent that all information in any and all applications, financial statements and submissions you provided to us is true, complete and accurate in all respects. You acknowledge that we are relying upon the truthfulness, completeness and accuracy of that information in our decision to enter into this Agreement with you.

Your initials: \_\_\_\_\_

~~18.2 — Proper Disclosure. You acknowledge that we or our agent have provided you with our disclosure document not later than the earlier of: (a) 14 calendar days before the execution of this Agreement, (or any other binding agreement with us or any of our affiliates) or (b) 14 calendar days before any payment of any consideration to us or any of our affiliates in connection with this transaction. You acknowledge that we have provided you with a copy of this Agreement and all related documents, fully completed, at least 7 calendar days before you sign this Agreement.~~

~~Your initials: \_\_\_\_\_~~

~~18.3 — Consultation and Understanding. You represent and acknowledge that: (a) you have read and understood this Agreement and our disclosure document; (b) we have fully and adequately explained the provisions of each document to your satisfaction; (c) we have advised you to consult with your own attorneys, accountants, or other advisers about the potential benefits and risks of entering into this Agreement; (d) you have had ample opportunity to consult with advisors of your own choosing; and (e) our attorneys have not advised or represented you with respect to any matters.~~

~~Your initials: \_\_\_\_\_~~

~~18.4 — Independent Investigation of Risks. You represent that you have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other~~

business, an investment in the Franchised Business involves unavoidable business risks. You acknowledge that the success of the Franchised Business is primarily dependent upon the business abilities and efforts of you and your Director and employees. You acknowledge that, before executing this Agreement, you have had the opportunity to contact all of our existing franchisees.

Your initials: \_\_\_\_\_

~~18.5 — No Warranty or Guarantee. You acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential revenues, income, profits, volume or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our disclosure document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees or agents that are contrary to the statements made in our disclosure document or contrary to the terms of this Agreement. We expressly disclaim the making of any warranty, guarantee or representations of this type.~~

~~Your initials: \_\_\_\_\_~~

18.2    ~~18.6~~Reasonable Covenants. You ~~on~~on have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon you and us under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to us; (c) are fully required to protect our legitimate business interests; and, (d) do not confer benefits upon us that are disproportionate to your detriment. The covenants not to compete in this agreement are fair and reasonable and will not impose any undue hardship on you or your owners, since you and your owners have other considerable skills, experience and education which afford you and your owners the opportunity to derive income from other endeavors.

Your initials: \_\_\_\_\_

~~18.7 — No Other Agreements. You acknowledge that this Agreement, the documents referred to in this Agreement, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, constitute the entire, full and complete Agreement between us and you concerning the subject matter covered in this Agreement. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations which are inconsistent with the terms of this Agreement or our disclosure document.~~

~~Your initials: \_\_\_\_\_~~

~~18.8 — No Business Opportunity Representations. You acknowledge that neither we nor any of our officers, directors, shareholders, employees or agents have made any representation that: (a) we may purchase any or all products made, produced, fabricated or modified by you; (b) we guarantee that you will derive income from the Franchised Business which will exceed the initial franchise fee; (c) we guarantee that we will refund all or part of the initial franchise fee if you are not satisfied with the Franchise; or (d) we will provide a sales program or marketing program which will enable you to derive income from the Franchised Business which exceeds the initial franchise fee.~~

~~Your initials: \_\_\_\_\_~~

18.3    ~~18.9~~Licensing and Permits. You acknowledge that no representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement.

Your initials: \_\_\_\_\_

~~18.10 — Reliance by Us. You acknowledge that we will be relying on your representations to us, including those representations stated in this Section 18, in determining our compliance with state and federal law.~~

Your initials: \_\_\_\_\_

~~18.11 Consultation with Counsel. You acknowledge that you have discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a Tutoring Club® franchise, or that you have made the decision not to consult with one.~~

~~IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date.~~

~~Your initials: \_\_\_\_\_~~

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date.

FRANCHISEE:

Entity name (if any): \_\_\_\_\_

Entity Type: \_\_\_\_\_

State of Formation: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Franchisee's Address for Notices:

FRANCHISOR:

TUTORING CLUB, EEC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date:

Tutoring Club, LLC

**ATTACHMENT A TO THE FRANCHISE AGREEMENT**

**APPROVED LOCATION**

**Approved Location for Tutoring Center:**

The approved location for Franchisee's Tutoring Center as provided in Section 3.1 of the Agreement is:

NOTE: If a particular site has not been selected and approved at the time of execution of this Agreement, this Attachment A will describe the location in general terms below. In that case, after Franchisor has approved a location for Franchisee's Tutoring Center, the specific address of that location will automatically become the approved location in this Attachment A as if originally set forth in this Attachment A instead of the general description.

**General Description of Area for Location:**

(if an approved location is not specified as of the execution of the Agreement)

TUTORING CLUB, LLC:

FRANCHISEE:

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Tutoring Club, LLC**

**ATTACHMENT B TO THE FRANCHISE AGREEMENT**

**STATE ADDENDA**

Following this page are addenda to the Franchise Agreement (the “Agreement”) for the following states:

1. Arkansas
2. California
3. Hawaii
4. Illinois
5. Indiana
6. Iowa
7. Maryland
8. Minnesota
9. Missouri
10. Nebraska
11. New Jersey
12. New York
13. North Dakota
14. Ohio
15. Rhode Island
16. Washington
17. Wisconsin.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

## ARKANSAS

Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Arkansas:

1. Any provision of the Agreement that would require you, at the time you enter into the Agreement, to assent to a release, assignment, novation, waiver or estoppel which would relieve any person from liability imposed by the Arkansas Franchise Practices Act is void to the extent that such provision violates such law.

## CALIFORNIA

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

1. Any condition, stipulation or provision in the Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such contractual provision violates such act.
2. To the extent that Sections 16.03 or 16.05 of the Agreement would otherwise violate California law, such sections are amended by providing that all litigation by or between you and us, involving a Franchised Business in the State of California, which arises directly or indirectly from the Agreement will be commenced and maintained in the state courts of California or the United States District Court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

### **The Franchise Agreement and Franchise Disclosure Document are hereby amended as follows:**

Due to our financial condition, the California Department of ~~Financial Protection and Innovation Business Oversight~~ has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of your inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Brand Fund Fees; c) Software fees; d) Liquidated Damages; e) Transfer Fees; and f) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

"Fair market value of the franchise assets" means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.



“Fair market value of the franchised business” means the “fair market value of the franchise assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

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

## CONNECTICUT

The Franchise Agreement is hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

## HAWAII

Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Hawaii:

1. Any provision of the Agreement that requires you, at the time you enter into the Agreement, to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by Hawaii Franchise Investment Law is deleted from the Agreement.

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

## ILLINOIS

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

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a ~~forum-fomm~~ outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides of the Illinois Franchise Disclosure Act provides that 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## INDIANA

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

1. The laws of the State of Indiana supersede any provisions of the disclosure document, the Agreement, or Nevada law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under that law as including any material breach of the Agreement, will supersede the provisions of Section 14 of the Agreement to the extent Section 14 may be inconsistent with such prohibition.
3. Any provision in the Agreement which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. Section 15.11 of the Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Agreement as Section 15.06:

~~15-6~~15.06 No Limitation on Litigation. Despite the foregoing provisions of this Section 16.7, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

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

## IOWA

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

The following language will be added to the Franchise Agreement:

### NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

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

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

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

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to ~~David Hill~~Liam Powers, Tutoring Club, LLC, 11241 S. Eastern Avenue, Henderson, Nevada 89052, phone: (702) 588-5288 or email: ~~franchiseA~~  
~~tutoringclub;franchiscA.tutoringclub.com~~. not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

MARYLAND

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

1. Any provision in the Agreement that would require you, as part of the Agreement or as a condition of the sale, renewal or assignment of the franchise, to assent to a release which would relieve any person from liability imposed under the provisions of the Maryland Franchise Law is void to the extent that such provision violates such law. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Any provision in the Agreement which operates to waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void to the extent that such provision violates such law. Subject to Section 16.02, claims arising under the Maryland Franchise Law may be brought in any court of competent jurisdiction in Maryland.
3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. 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 preopening obligations under the franchise agreement.

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

## MINNESOTA

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

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

2. Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, ~~forum~~forum, or remedies provided for by the laws of the jurisdiction. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to exclusive mediation.

3. The following language will appear as Section 16.07 of the Agreement.

~~16.7~~16.07 No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, Section 16 of this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement.

5. We will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and the System standards.

6. Minnesota Statute Section 603.113 limits the amount of fees that can be charged for insufficient funds to \$30. Section 8.6 of the Franchise Agreement is amended accordingly.

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

## MISSOURI

Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Missouri:

1. Termination provisions contained in the Agreement will afford you 90 days written notice in advance of any termination, except that 90 days notice is not required for termination as a result of your criminal misconduct, fraud, abandonment, bankruptcy, insolvency, or giving a "no account" or "insufficient funds" check to us.

## NEBRASKA

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all

franchises offered and sold in the State of Nebraska:

1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Nebraska.
2. No language in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of any franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchisee, or heirs of the principal owner, so long as basic financial requirements of the franchisor are complied with and any such sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.

### NEW JERSEY

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of New Jersey:

1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New Jersey.
2. No language in the Agreement will operate to restrict the sale of any equity or debenture issue or the transfer of any securities of a franchise or in any way prevent or attempt to prevent the transfer, sale or issuance of shares of stock or debentures to employees, personnel of the franchise, or heir of the principal owner, so long as basic financial requirements of the franchisor are complied with and any such sale, transfer or issuance does not have the effect of accomplishing a sale of the franchise.
3. Any term or condition which may directly or indirectly violate the New Jersey Franchise Practices Act is deleted from the Agreement.

### NEW YORK

~~Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of New York:~~

- ~~1. No release language in the Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.~~
- ~~2. Section 13.01 is amended by the addition of the following sentence immediately after the first sentence of that section:~~

~~However, no such assignment will be made by us except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement (to the extent assigned).~~

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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 DISCUOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIU UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE UESS FAVORABUE SET THOSE SET FORTH IN THIS FRANCHISE DISCUOSURE 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 a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of 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.

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

## NORTH DAKOTA

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.
2. To the extent that Sections 16.03 or 16.05 of the Agreement would otherwise violate North Dakota law, such sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.
3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or Nevada law.
4. You will not be required to consent to termination or liquidated damages.
5. Arbitration or mediation will occur at a mutually-agreeable location.
6. You will not be required to consent to waiver of jury trial.  
No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## OHIO

The following language will be added to the Franchise Agreement:

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

Your initials

## NOTICE OF CANCELLATION

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail

or deliver a signed and dated copy of this cancellation notice or any other written notice, or send an email, to ~~David Hill~~ Liam Powers, Tutoring Club, LLC, 11241 S. Eastern Avenue, Henderson, NV 89052, or at ~~dhill@tutoringclub.com~~ lpowers@tutoringclub.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

### **RHODE ISLAND**

Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Sections 16.03 or 16.05 of the Agreement would otherwise violate Rhode Island law, such sections are amended by providing that all litigation by or between you and us, involving a Franchised Business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

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

### **WASHINGTON**

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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

4. Transfer fees are collectable to the extent they reflect the franchisor's reasonable estimated or actual



cost in effecting a transfer.

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

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

## WISCONSIN

Despite anything to the contrary in the Agreement, the following provision will supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats, supersedes any provisions of the Agreement that are inconsistent with that law.

## ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement between the parties.

TUTORING CLUB, ~~LLC~~ LLC

You:

Bv: \_\_\_\_\_

Bv: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Tutoring Club, LLC

## ATTACHMENT C TO THE FRANCHISE AGREEMENT

### OWNERS AGREEMENT

As a condition to the granting by Tutoring Club, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a beneficial interest in Franchisee, covenant and agree to be bound by this Owners Agreement.

[Signature Page to Follow]

## **1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_, 201\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners’ Role. Owners are the beneficial owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

## **2. Non-Disclosure of Confidential Information.**

2.1 Protection of Confidential Information. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Tutoring Center using the System. Owners will not, during or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of themselves or anyone else any Confidential Information, which may be communicated to them, or of which they may become aware by virtue of their ownership of Franchisee. Owners will use their best efforts and utmost diligence to protect the confidentiality of all Confidential Information. At our request, Owners must immediately send us all documents and other things they have that contain any Confidential Information.

2.2 Our Remedies. Owners acknowledge that any failure to comply with the requirements of this Section 2 of this Owners Agreement will result in irreparable injury to us for which there is no adequate remedy at law, and Owners agree that we may seek, without posting bond, an ex-parte or other order for injunctive or other legal or equitable relief in order to enforce the requirements of Section 2 of this Owners Agreement. Owners also agree to pay all court costs and reasonable attorney fees that we incur as a result of Owner’s actual or threatened disclosure of Confidential Information.

## **3. Covenant Not to Compete.**

3.1 Non-Competition During Term of Franchise Agreement. During the term of the Franchise Agreement, Owners will not engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with, any business: (a) whose methods of operation, trade dress or business concept is the same as or similar to that of the System or the Marks; (b) which offers or provides tutoring services or related services and products; or (c) which offers or provides approved services or approved products, other than the Franchised Business (a “**Competitive Business**”) other than the Franchised Business, unless Owners have our prior express written consent. Owners will not divert or attempt to divert any business or client or former client of ours or of any of our affiliates or franchisees to any competitor.

3.2 Non-Competition After Expiration or Termination of Franchise Agreement. For a period of 3 years following termination or expiration of this Owners Agreement or following a Transfer, Owners will not:

(a) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend his/her/its name or any similar name to, or render services or advice to any Competitive Business within 15 miles of the Franchisee’s Protected Territory; or (b) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend his/her/its name or any similar name to, or render services or advice to any Competitive Business within 15 miles of any business owned or operated by us or any of our affiliates or franchisees; or (c) divert or attempt to divert any client or former client of ours or of any of our affiliates or franchisees to any Competitive Business.

[Signature Page to Follow]

3.3 Interests in Publicly-Traded Companies. Section 3 of this Owners Agreement will not apply to prevent

Owners from owning 5% or less beneficial interest in the outstanding equity securities of any publicly-traded company.

3.4 Construction of Covenants: Tolling. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such 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 3. The parties agree that any time period stated in this Section 3 will be tolled and suspended for any period of time that any Owner is in violation of the provisions in Section 3, and will begin only when all Owners are in compliance with the provisions of Section 3.

3.5 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant in Section 3 of this Owners Agreement, without Owners consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

#### **4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations



under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Enforcement of This Owners Agreement.**

6.1 Choice of Law. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations of the parties under this Owners Agreement, and any other claim or controversy between the parties will be governed by and construed in accordance with the laws of the State of Nevada (without regard for any conflicts of law principles).

6.2 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

6.3 Litigation. All litigation between the parties relating to or arising under this Owners Agreement will be brought in any state or federal court within the jurisdiction where we then have our principal place of business; provided that we have the option to bring suit against any Owner in any state or federal court within the jurisdiction where Franchisee's Territory is or was located or where any Owner lives. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in such courts, and the parties waive any objections that they would otherwise have in this regard. The prevailing party will be entitled to recover from the other party its actual costs and expenses (including reasonable attorneys' fees, experts' fees and expenses) incurred in connection with any litigation between the parties relating to or arising under this Owners Agreement.

## **7. Notices.**

7.1 Method of Notice. No notice, demand, request or other communication to the parties will be binding upon the parties unless the notice is in writing, refers specifically to this Owners Agreement, and is delivered to the proper address by delivery service, with proof of delivery, or by first class prepaid certified or registered mail, return receipt requested.

7.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Tutoring Club, LLC.

11241 S. Eastern Avenue Henderson, NV 89052 Attention: ~~David Hill~~Liam Powers

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address pursuant to this Section 7.

7.3 Effective Date of Notices. Notices will be immediately effective upon the date of actual delivery, or, if delivery is refused, the date of the first attempted delivery.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.5 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. No provision of this Owners Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Owners Agreement, or because of the nature or type of this Owners Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Owners Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Owners Agreement.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

**OWNERS:**

By: \_\_\_\_\_  
Printed Name:  
Address: \_\_\_\_\_

[Signature Page to Follow]

**By:** \_\_\_\_\_  
Printed Name:  
Address: \_\_\_\_\_

**FRANCHISOR:**  
Tutoring Club, EEC

**By:** \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

Tutoring Club, LLC  
**ATTACHMENT D TO THE FRANCHISE AGREEMENT**

**INDEX TO DEFINED TERMS**

| <b><u>Term</u></b>                          | <b><u>Section in Agreement</u></b> |
|---------------------------------------------|------------------------------------|
| Agreement .....                             | Introduction                       |
| Approved Location .....                     | 1.2                                |
| Brand Fund .....                            | 6.11                               |
| Business Entity .....                       | 1.6                                |
| Competitive Business .....                  | 12.1                               |
| Confidential Information .....              | 11.1                               |
| Credit Card Vendors .....                   | 5.26                               |
| Director .....                              | 4.1                                |
| Effective Date .....                        | Introduction                       |
| Franchise .....                             | 1.1                                |
| Franchised Business .....                   | 1.1                                |
| Gross Revenue .....                         | 8.2                                |
| Indemnities .....                           | 12.5                               |
| Interim <del>Period</del> <u>Term</u> ..... | 2.3                                |
| Liquidated Damages .....                    | 15.3                               |
| Losses and Expenses .....                   | 12.5                               |
| Marks .....                                 | 1.1                                |
| Operations Manual .....                     | 6.1                                |
| Owners Agreement .....                      | 1.6                                |
| Pre-Payment .....                           | 5.29                               |
| Protected Territory .....                   | 1.3                                |
| Rules .....                                 | 16.2                               |
| Software .....                              | 7.1                                |
| Software License Fee .....                  | 8.4                                |
| Step-In Rights .....                        | 14.5                               |
| Supplements .....                           | 9.2                                |
| System .....                                | 1.1                                |
| System Standards .....                      | 1.4                                |
| Transfer .....                              | 13.2                               |
| Tutoring Center .....                       | 1.1                                |
| Us .....                                    | Introduction                       |
| We .....                                    | Introduction                       |
| Website .....                               | 15.8                               |
| You .....                                   | Introduction                       |



Tutoring Club, LLC

**ATTACHMENT E TO THE FRANCHISE AGREEMENT**

**TRANSFER TO ENTITY AGREEMENT**

THIS TRANSFER AGREEMENT ("**Agreement**") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_, by and between Tutoring Club, LLC a Nevada limited liability company ("**Franchisor**"), and \_\_\_\_\_ ("**Franchisee**"), and each undersigned shareholder/member/partner of Franchisee and his or her spouse (individually, an "**Owner**," and collectively, the "**Owners**"), and \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company/partnership (circle one) ("**Assignee**") (collectively, Franchisor, Franchisee, the Owners, and Assignee are referred to hereinafter as the "**Parties**").

**WITNESSETH:**

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**"), a copy of which is attached hereto as "**Exhibit A**," granting to Franchisee the rights to operate a TUTORING CLUB® Tutoring Center (if opened list address here) (the "**Franchise**");

WHEREAS, the Franchise Agreement provides as follows with respect to the Transfer (as defined below) of the Franchise Agreement and Franchise:

- a. Any Transfer of the Franchise Agreement and Franchise must be approved by Franchisor before such Transfer may be made or become effective; and
- b. The Franchise Agreement also sets forth a transfer fee that is to accompany any Transfer (the "**Transfer Fee**"); and

WHEREAS, Franchisee and/or each undersigned Owner wish(es) to Transfer (as defined in the Franchise Agreement) to Assignee its rights, title and interest in and to the Franchise Agreement and the Franchise (the "**Transferred Interest**"), and Assignee wishes to accept the rights, title and interest of Franchisee and/or each Owner in the Franchise Agreement; and

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest and waive the Transfer Fee, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the Franchise Agreement referred therein are hereby incorporated into and made part of this Agreement.
2. Assumption: Consent to Transfer. Assignee hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement, to the same extent as if it were named as the Franchisee and/or Owner therein. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals subject to Assignee's compliance with the terms and conditions set forth in this Agreement.

3. Release. Franchisee and/or each undersigned Owner and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the **“Releasing Entities”**), hereby fully release Franchisor and its present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the **“Released Entities”**) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed.

4. Guaranty of Obligations. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each undersigned Owner hereby personally and unconditionally (a) guarantees to Franchisor and its successors and assigns that the Owner will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes and Each Owner agrees to execute the Personal Guarantee, Covenants, and Assumption Of Obligations, attached hereto as **“Exhibit B.”** Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section; (2) any right the Owner may have to require that an action be brought against Franchisor or any other person as a condition of the Owner’s liability; (3) all rights to payment or reimbursement from, or subrogation against, Franchisor which Owner may have arising out of the guaranty; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor. Each undersigned Owner consents and agrees that (i) its direct and immediate liability under this Section shall be joint and several; (ii) it will make any payment or render any performance required under the Franchise Agreement on demand if Assignee fails or refuses to do so when required; (iii) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (iv) its liability will 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 Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (v) the guaranty under this Section will continue and be irrevocable during the term of the Franchise Agreement and afterward for so long as Assignee has any obligations under the Franchise Agreement. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each undersigned Owner agrees that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

5. Ownership Interests. The Franchise Agreements requires that franchise owners maintain a certain controlling interest in their entity. Attached hereto and incorporated herein as **“Exhibit C”** is a description of the ownership interest in the Assignee. Assignee hereby agrees to abide by all ownership requirements contained in this Agreement, as noted on Exhibit C, and the Franchise Agreement.

6. Assignment. This Agreement is folly transferable by Franchisor. Franchisee and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, or otherwise transfer this Agreement

or any right or duty hereunder without obtaining Franchisor's prior written consent.

7. Binding Agreement. This Agreement is binding upon the Parties' heirs, successors, assigns, and legal representatives.

8. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Nevada. If any action or proceeding shall be instituted by any Party, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Clark County, Nevada, or, if Franchisor's principal place of business is not in Clark County, Nevada, in the court nearest to Franchisor's principal place of business.

9. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original

IN WITNESS WHEREOF, the parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

FRANCHISOR: TUTORING CLUB, EEC

By: \_\_\_\_\_

Its: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Its: \_\_\_\_\_

OWNER AND OWNER'S SPOUSE:

By: \_\_\_\_\_ ~

By: \_\_\_\_\_ ~

ASSIGNEE:

By:

Its:

[Signature Page to Follow]

EXHIBIT E-3



Tutoring Club, LLC

**ATTACHMENT F TO THE FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

NAME: \_\_\_\_\_  
HOME ADDRESS: \_\_\_\_\_

HOME TELEPHONE: \_\_\_\_\_

CLASSIFICATION: \_\_\_\_\_  
(Owner, Shareholder, Officer, Director, Office Employee, Etc.)

\_\_\_\_\_ (“Franchisee”) is a Franchisee of Tutoring Club, LLC (“Tutoring Club”) pursuant to a Franchise Agreement entered into by Tutoring Club and Franchisee dated (the “Franchise Agreement”).

I agree that during the term of my employment by, ownership or participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices Tutoring Club which may be communicated to me (“Confidential Information”), and I will not divert any business to competitors of Franchisee and/or Tutoring Club.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others, but in no event through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute Confidential Information: the Tutoring Club system of operations and all services, products, technologies, business relationships, business methods, operating manuals, policies, standards, systems, techniques, requirements, criteria and procedures that are used by Tutoring Club now or in the future (the “System”); Franchisee in the course of the operation of Franchisee’s business, as well as all procedures, systems, techniques and activities employed by Tutoring Club and/or Franchisee in the course of offering or selling products and services from or at Franchisee’s businesses; all of Tutoring Club’s and Franchisee’s sources (or prospective sources) of policies and contracts, and all information pertaining to same; the computer hardware and software utilized by Tutoring Club and Franchisee; all information pertaining to Tutoring Club’s, and Franchisee’s advertising, marketing, promotion and merchandising campaigns, philosophies, materials, specifications and procedures; Tutoring Club’s and Franchisee’s computer network Web sites and any and all computer network Web sites of Tutoring Club and any affiliate of Tutoring Club; all information posted on or received at such Web sites; all of Tutoring Club’s instructional materials; quality assurance programs; supervision systems; recommended services; recordkeeping, bookkeeping and accounting systems and materials; revenue reports; activity schedules; job descriptions; records pertaining to customers of Franchisee; business forms; product and service order forms; general operations materials; revenue reports; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components of the System or the systems and methods of operations which now or in the future are employed by Tutoring Club, including all related standards and specifications and the means and manner of offering and selling them; and, all other components, specifications, standards, requirements and duties imposed by Tutoring Club or any of Tutoring Club’s affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material

containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Tutoring Club or Franchisee (as the case may be) all materials, books, records, and manuals considered confidential under this Agreement which are in my possession.

I further agree that during the term of my employment/service/association/ownership participation, and for a period of three years immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which directly or indirectly engages in, or franchises others to engage in, a business which is the same as or substantially similar to Tutoring Club's business, including without limitation, any businesses specializing or deriving more than ten percent (10%) of their gross receipts from the provision of services similar to the services provided by Tutoring Club ("Competitive Business"). I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of three years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any Competitive Business, if the other business is located within fifteen (15) miles of any business operated by Tutoring Club, any of its affiliates, or any of its franchisees.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as service as an independent contractor for Competitive Businesses or any assistance or transmission of information of any kind that would be of any material assistance to a Competitive Business. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Tutoring Club and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Tutoring Club or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information set forth in this agreement. I agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Tutoring Club's Confidential Information, know-how, methods and procedures. Further, I expressly agree that any claims I may have against Tutoring Club will not constitute a defense to Tutoring Club's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Tutoring Club in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in a final decision (after the exhaustion of all appellate rights), the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Tutoring Club on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Nevada without recourse to Nevada (or any other) choice of law or conflicts of law principles. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, unfair competition,

fiduciary or any other doctrine of law of the State of Nevada or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or Tutoring Club on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Clark County, Nevada. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Clark County, Nevada. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

**SEEN AND AGREED:**

Witnessed by: (Print Name)

Witness/Date (Signature)

(Date)

**SPOUSAL CONSENT**

I acknowledge that I am familiar with the foregoing Agreement. I am aware that by its provisions my spouse agrees to certain obligations described therein. I hereby consent to the provisions of the Agreement, and agree that Franchisee ' s assets and my interest in them, if any, are subj ect to the provisions of the Agreement.

Signature

Print Name

Tutoring Club, LLC  
**ATTACHMENT G TO THE FRANCHISE AGREEMENT**  
**Collateral Assignment of Lease**

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_ a  
\_\_\_\_\_ (**"Assignor"**), hereby assigns, transfers and sets over unto Tutoring Club, LLC, a  
Nevada limited liability company (**"Assignee"**) all of Assignor's right, title and interest as tenant in, to and  
under that certain lease, a copy of which is attached hereto as Exhibit 1 (the **"Lease"**), respecting the  
premises commonly known as \_\_\_\_\_. This Assignment is for  
collateral purposes only and except as specified herein, Assignee will have no liability or obligation of any  
kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes  
possession of the premises demised by the Lease pursuant to the terms of this Assignment of Lease and  
assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its  
interest in the Lease 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 a default  
or expiration under the Franchise Agreement by and between Assignor and Assignee for a Tutoring Club®  
tutoring center (the **"Franchise Agreement"**), or in the event of a default by Assignor under any document or  
instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee  
or its Affiliates, Assignee will have the right and is empowered to take possession of the premises demised by  
the Lease, expel Assignor from the Lease and premises, and, in such event, Assignor will have no further  
right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the  
Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any  
renewal of or successor to it, Assignor agrees that it will elect and exercise all options to extend the term of or  
renew the Lease not less than thirty (30) days prior to the last day that any such option must be exercised,  
unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon  
failure of Assignor to so elect to extend or renew the Lease as stated in this Assignment of Lease, Assignor  
will and hereby does appoint Assignee as its true and lawful attorney-in-fact to exercise such extension or  
renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of  
renewal.

Assignee: Tutoring Club, LLC

Assignor:

Bv: \_\_\_\_\_

Bv: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



Tutoring Club, LLC  
**ATTACHMENT H TO THE FRANCHISE AGREEMENT**  
**Addendum to Lease**

This Addendum to Lease (**"Addendum"**), dated \_\_\_\_\_, 20\_\_\_\_, 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 will 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 will 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 \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (**"Premises"**).

B. Lessor acknowledges that Lessee intends to operate a Tutoring Club® franchise from the leased Premises pursuant to a Franchise Agreement (**"Franchise Agreement"**) with Tutoring Club, LLC (**"Franchisor"**) under the name "Tutoring Club®" 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 will 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 must agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will 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 as Attachment G: (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 will 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 will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will 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 will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will 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 will 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 must 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 must contemporaneously give Franchisor a copy of the notice. Franchisor will 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 must be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

Tutoring Club, LLC  
11241 S. Eastern Avenue  
Henderson, NV 89052

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 Initial Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which will be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment will be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect will 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 the new 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 Tutoring Club® 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 will 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 G.
- 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 Radius Clause. The radius restriction set forth in the Lease, if any, is hereby deleted.

8. 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 will 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 center in which the Premises are located (the "**Center**"), the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor will 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 will indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorney 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 Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

9. 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.

10. 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 will 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 will peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof must not be disturbed. Lessor covenants and agrees that Lessor will take no action that will interfere with Lessee's intended usage of the Premises. Lessor must 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 will survive expiration or termination of this Lease.

11. Mitigation. Lessor must use reasonable efforts to mitigate its damages in the event of a Lessee default.

12. Removal of Trade Dress/Personal Property. Lessor must permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor will 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 4, whichever later occurs.

13. Alterations. Lessor's consent will not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

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

15. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease will 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.

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

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

|         |         |
|---------|---------|
| LESSOR: | LESSEE: |
| By:     | By:     |
| Its:    | Its:    |
| Date:   | Date:   |

Tutoring Club, LLC  
**ATTACHMENT I TO THE FRANCHISE AGREEMENT**  
**Secured Promissory Note**

**(Principal Amount of Note)**

**Date: City: State:**

FOR VALUE RECEIVED, the undersigned, \_\_\_\_\_, a \_\_\_\_\_ (Corporation, Partnership, Proprietorship), organized under the laws of the State of \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ ("FRANCHISEE"), promises to pay to the order of Tutoring Club, a Nevada limited liability company, with its principal place of business at 11241 S. Eastern Avenue, Henderson, NV 89052 ("Tutoring Club"), in lawful money of the United States of America, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), without defalcation.

The unpaid principal sum will bear interest at the rate of \_\_\_\_\_ percent ( \_\_\_\_\_ %) per annum.

The principal and interest shall be payable at 11241 S. Eastern Avenue, Henderson, NV 89052 or elsewhere as directed by Tutoring Club in \_\_\_\_\_ ( \_\_\_\_\_ ) installments of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_). The first installment payment shall be due on \_\_\_\_\_, \_\_\_\_\_ and monthly thereafter. The remaining balance of this NOTE shall accelerate and be immediately due and payable upon termination of the Franchise Agreement between Tutoring Club and Franchisee.

Failure to make any payment when due (including interest) will constitute a default and Tutoring Club may, at its option, declare all unpaid indebtedness evidenced by this NOTE accelerated and immediately due and payable. Tutoring Club's failure at any time to exercise said option will not constitute a waiver of the right to exercise it later. FRANCHISEE hereby waives demand, presentment for payment, notice of nonpayment, protest, notice of protest and diligence to bring suit. FRANCHISEE agrees that the proper venue of any action to enforce this NOTE is Las Vegas, Nevada, which action shall be governed by the laws of the State of Nevada. FRANCHISEE agrees to pay all costs of collection when incurred by Tutoring Club, including reasonable attorney fees.

IN WITNESS WHEREOF, and intending to be legally bound, FRANCHISEE has executed this NOTE by its duly authorized representative on the day and year first above written.

**ATTEST:**

**FRANCHISEE:**

**(Secretary)**

**By: \_**

**Title:**



TUTORING CLUB, LUC  
TABLE OF CONTENTS  
OF CONFIDENTIAL OPERATIONS MANUAL

EXHIBIT C TO THE DISCLOSURE DOCUMENT





**TUTORING CLUB**  
**FRANCHISE OPERATIONS MANUAL**

**Master Table of Contents**

**A. INTRODUCTION**

|                                                      |      |
|------------------------------------------------------|------|
| Letter from the President .....                      | A-1  |
| History and Philosophy of the Franchisor.....        | A-2  |
| Services of the Franchisor Organization .....        | A-4  |
| Responsibilities of a Tutoring Club Franchisee ..... | A-6  |
| Visits from the Corporate Office .....               | A-8  |
| Your Field Consultant .....                          | A-9  |
| Field Visit Confirmation .....                       | A-10 |
| Franchise Survey Form .....                          | A-11 |

**B. ESTABLISHING A TUTORING CLUB CENTER**

|                                                 |      |
|-------------------------------------------------|------|
| Introduction.....                               | B-1  |
| Your Status as an Independent Contractor.....   | B-2  |
| Required / Recommended Bank Accounts .....      | B-4  |
| Selecting and Developing Your Site.....         | B-5  |
| Required Lease Inclusions.....                  | B-8  |
| Special Licenses and Permits .....              | B-9  |
| Required Insurance Coverages.....               | B-10 |
| Tutoring Club Decor Specifications .....        | B-12 |
| Signage and Logo Specifications .....           | B-13 |
| Sample Logo .....                               | B-14 |
| Required Equipment, Fixtures, and Supplies..... | B-15 |
| Paying Taxes.....                               | B-19 |
| Federal Taxes .....                             | B-22 |
| State Taxes .....                               | B-25 |

|           |                                                                     |      |
|-----------|---------------------------------------------------------------------|------|
|           | County or Town Taxes.....                                           | B-27 |
| <b>B.</b> | <b>ESTABLISHING A TUTORING CLUB CENTER (continued)</b>              |      |
|           | Federal Tax Filing Checklist.....                                   | B-28 |
|           | Paying Additional Fees.....                                         | B-29 |
|           | Fee Schedule .....                                                  | B-33 |
| <b>C.</b> | <b>PERSONNEL</b>                                                    |      |
|           | Introduction.....                                                   | C-1  |
|           | Policy on Fair Employment Practices.....                            | C-2  |
|           | Inappropriate Pre-Employment Inquiries .....                        | C-6  |
|           | Wage and Labor Laws .....                                           | C-9  |
|           | Complying with the Immigration Reform and Control Act of 1986 ..... | C-15 |
|           | Form 1-9 .....                                                      | C-17 |
|           | Policy on Sexual Harassment.....                                    | C-18 |
|           | A Profile of the Ideal Tutoring Club Employee.....                  | C-19 |
|           | The Recruitment and Selection Process.....                          | C-21 |
|           | Application for Employment .....                                    | C-23 |
|           | Protecting the Tutoring Club System.....                            | C-24 |
|           | Sample Non-Disclosure and Non-Competition Agreement .....           | C-25 |
|           | Opening Personnel Files .....                                       | C-26 |
|           | The Trial Period .....                                              | C-27 |
|           | Job Descriptions.....                                               | C-28 |
|           | Orientation and Training of Personnel.....                          | C-33 |
|           | Employee Training Outline .....                                     | C-35 |
|           | Scheduling Employee Work Hours.....                                 | C-37 |
|           | Work Schedule .....                                                 | C-39 |

**C. PERSONNEL (continued)**

|                                           |      |
|-------------------------------------------|------|
| Time Reporting Procedures .....           | C-40 |
| Time Sheets .....                         | C-41 |
| Time Sheet .....                          | C-43 |
| Time Clocks and Cards .....               | C-44 |
| <br>The Tutoring Club Uniform/Dress ..... | C-46 |
| <br>Establishing Personnel Policies ..... | C-47 |
| Personnel Policy Worksheet .....          | C-48 |
| <br>Evaluating Employees .....            | C-54 |
| Employee Evaluation .....                 | C-56 |
| <br>Discipline and Termination .....      | C-57 |
| Statement of Warning .....                | C-60 |

**D. OPERATING PROCEDURES**

|                                            |      |
|--------------------------------------------|------|
| Introduction .....                         | D-1  |
| <br>Suggested Center Hours .....           | D-2  |
| <br>Daily Opening and Closing Duties ..... | D-3  |
| Opening Procedures .....                   | D-4  |
| Closing Procedures .....                   | D-5  |
| <br>Answering Phone Messages .....         | D-6  |
| <br>Scheduling Students .....              | D-10 |
| <br>Diagnostic Testing .....               | D-11 |
| <br>Parent Conferences .....               | D-13 |
| <br>Updating the Students' Programs .....  | D-15 |
| <br>Pulling the Day's Materials .....      | D-18 |
| <br>Billing and Invoicing Procedures ..... | D-20 |

**D. OPERATING PROCEDURES (continued)**

|                                                       |      |
|-------------------------------------------------------|------|
| Franchise Reporting Requirements and Procedures ..... | D-22 |
| Statement of Net Sales .....                          | D-24 |
| Advertising Activity Report .....                     | D-25 |
| Preparing Financial Statements.....                   | D-26 |
| Tutoring Club Model Chart of Accounts.....            | D-28 |
| Sample Income Statement Format .....                  | D-30 |
| Sample Balance Sheet Format.....                      | D-32 |
| Customer Service.....                                 | D-33 |
| Pricing Tutoring Club Services.....                   | D-37 |
| Ordering and Receiving .....                          | D-39 |
| List of Approved Suppliers .....                      | D-41 |
| Notice of Proposed Change of Supplier / Supply.....   | D-42 |
| Safety in Your Center .....                           | D-43 |

**E. TUTORING CLUB SOFTWARE USER'S MANUAL**

|                                            |      |
|--------------------------------------------|------|
| Introduction.....                          | E-1  |
| Math Program Procedures.....               | E-17 |
| Reading Program Procedures.....            | E-43 |
| Beginning Reading Program Procedures ..... | E-61 |
| Writing Program Procedures.....            | E-71 |

**F. ADVERTISING**

|                                                                |     |
|----------------------------------------------------------------|-----|
| Introduction.....                                              | F-1 |
| Identifying the Tutoring Club Customer.....                    | F-2 |
| Prospect Management.....                                       | F-4 |
| Selling Tutoring Club Services to a Prospective Customer ..... | F-6 |

## F. ADVERTISING (continued)

|                                                                 |      |
|-----------------------------------------------------------------|------|
| The Tutoring Club Advertising Program.....                      | F-8  |
| The Value of Advertising.....                                   | F-10 |
| Guidelines for Using Tutoring Club Marks .....                  | F-13 |
| Sample Tutoring Club Marks .....                                | F-15 |
| Advertising Media .....                                         | F-16 |
| Yellow Pages.....                                               | F-18 |
| Mall Promotions.....                                            | F-19 |
| Newspapers .....                                                | F-21 |
| Direct Mail .....                                               | F-24 |
| Mailing List Card .....                                         | F-27 |
| Sample Direct Mail Postcard.....                                | F-28 |
| Radio .....                                                     | F-29 |
| Television.....                                                 | F-31 |
| Publicity .....                                                 | F-32 |
| Obtaining Approval for Advertising Concepts and Materials ..... | F-35 |
| Request for Advertising Approval .....                          | F-37 |
| Ordering Advertising Materials from the Franchisor.....         | F-38 |
| Advertising Materials Order Form .....                          | F-39 |

## APPENDIX (Sample Forms, Invoices, Reports, Etc.)



**TUTORING CLUB, LUC**  
**FINANCIAL STATEMENTS**

EXHIBIT D TO THE DISCLOSURE DOCUMENT

## Balance Sheet

As of May 31, 2021

|                                    | TOTAL          |
|------------------------------------|----------------|
| ASSETS                             |                |
| Current Assets                     |                |
| Bank Accounts                      |                |
| Business Fundamentals Chk (5905)   | 947,983.03     |
| CNB Checking Account               | 978.00         |
| Total Bank Accounts                | \$948,961.03   |
| Accounts Receivable                |                |
| Accounts Receivable                | 359,877.67     |
| Allen Loan Receivable              | 0.00           |
| Total Accounts Receivable          | \$359,877.67   |
| Other Current Assets               |                |
| A/R—Royalty Fee Clearing           | 0.00           |
| Allowance for Doubtful Accounts    | -81,004.64     |
| Credit Card Receivables            | 360.00         |
| Inventory Asset                    | 13,406.40      |
| Los Alamito's Loan Receivable      | 1,000.00       |
| Prepaid Expenses                   | 0.00           |
| Receivable from TC California, LLC | 0.00           |
| Undeposited Funds                  | 0.00           |
| Total Other Current Assets         | \$-66,238.24   |
| Total Current Assets               | \$1,242,600.46 |

## Balance Sheet

As of May 31, 2021



|                                    |                |
|------------------------------------|----------------|
| Fixed Assets                       |                |
| Accumulated Depreciation           | -79,837.00     |
| Charlotte Van                      | 20,816.55      |
| Furniture & Fixtures               | 81,619.60      |
| Improvements                       | 0.00           |
| Leasehold Improvements             | 48,040.51      |
| Outdoor Signage                    | 8,382.88       |
| Total Fixed Assets                 | \$79,022.54    |
| Other Assets                       |                |
| Allen Sale Deposit                 | 0.00           |
| Goodwill                           | 4,415,000.00   |
| Accumulated Amortization Goodwill  | -1,802,792.00  |
| Total Goodwill                     | 2,612,208.00   |
| Intangible Assets                  |                |
| Accumulated Amortization Loan Fees | -1,188.00      |
| Franchise Territory Reaquired      | 0.00           |
| Loan Fees                          | -0.25          |
| Total Intangible Assets            | -1,188.25      |
| Security Deposit                   | 4,375.92       |
| Total Other Assets                 | \$2,615,395.67 |
| TOTAL ASSETS                       | \$3,937,018.67 |

Balance Sheet  
As of May 31,2021

TOTAL

LIABILITIES AND EQUITY Liabilities  
Current Liabilities Accounts Payable

|                                   |               |
|-----------------------------------|---------------|
| Accounts Payable                  | 0.00          |
| Total Accounts Payable            | \$0.00        |
| Credit Cards                      |               |
| Corp. Account World Points        | -887,777.26   |
| Clayton Credit Card               | 43,756.04     |
| Daniel Credit Card                | 614,261.65    |
| David Credit Card                 | 107,748.37    |
| Eric Schwartz Credit Card         | 8,070.05      |
| Jared Credit Card                 | 39,180.00     |
| Liam Credit Card                  | 20,339.15     |
| Lisa Credit Card                  | 33,634.40     |
| Stephanie Credit Card             | 3,301.59      |
| Taylor Meador                     | 18,675.67     |
| William Whitlow                   | 3,983.32      |
| Total Corp. Account World Points  | 5,172.98      |
| Travel Rewards Corp Account       | -1,193,139.99 |
| Brent Meschuk Xtra Rewards        | 13,296.03     |
| Travel Rewards Alex               | 7,467.83      |
| Travel Rewards Daniel             | 128,078.94    |
| Travel Rewards David              | 223,079.99    |
| Travel Rewards Liam               | 350,853.89    |
| Xtra Rewards Dan New              | 486,359.44    |
| Total Travel Rewards Corp Account | 15,996.13     |
| Total Credit Cards                | \$21,169.11   |
| Other Current Liabilities         |               |
| Accrued Expenses                  | 35,130.00     |
| Ad Fund Liability                 | 5,475.26      |
| Brand Marketing Fee               | 55,217.53     |
| Total Ad Fund Liability           | 60,692.79     |
| Current portion of long-term debt | 415,683.00    |
| Deferred Franchise Fees (ST)      | 22,758.00     |
| EIDL Loan                         | 347,000.00    |
| Naperville Sale Deposit           | 0.00          |
| PPP Loan                          | 229,000.00    |
| PPP Loan 2                        | 229,002.00    |
| Social Security Tax Payable       | 27,865.33     |

### Balance Sheet

As of May 31, 2021

|                                   |                |
|-----------------------------------|----------------|
| Total Other Current Liabilities   | \$1,367,131.12 |
| Total Current Liabilities         | \$1,388,300.23 |
| Long-Term Liabilities             |                |
| Chad Schwartz Notes Payable       | 0.04           |
| Chad Schwartz Notes Payable 2     | -502.71        |
| Charlotte Van Note Payable        | -5.36          |
| CNB Loan                          | 1,654,962.35   |
| Community Bank Loan               | -27,558.44     |
| Deferred Franchise Fees (LT)      | 51,576.00      |
| Lawrence Schwartz Notes Payable   | 0.03           |
| Lawrence Schwartz Notes Payable 2 | -612.46        |
| Long-term debt                    | -415,683.00    |
| Mike O'Malley Loan                | 0.00           |
| SBA Loan                          | 10,000.00      |
| TC California Loan Payable        | 320,000.00     |
| Total Long-Term Liabilities       | \$1,592,176.45 |
| Total Liabilities                 | \$2,980,476.68 |
| Equity                            |                |
| Member 1 Equity                   | -17,444.88     |
| Member 1 Equity—TC Marketing      | -2,970.00      |
| Opening Balance Equity            | 0.00           |
| Partner Distributions             | 0.00           |
| Daniel Pinkney                    | -149,150.00    |
| David Fhill                       | -409,600.00    |
| Gordon Fhill                      | -126,650.00    |
| Liam Powers                       | -57,600.00     |
| Total Partner Distributions       | -743,000.00    |
| Retained Earnings                 | 1,438,237.82   |
| Net Income                        | 281,719.05     |
| Total Equity                      | \$956,541.99   |
| TOTAL LIABILITIES AND EQUITY      | \$3,937,018.67 |

## Profit and Loss

January—May, 2021

|                           | TOTAL        |
|---------------------------|--------------|
| Income                    |              |
| Assessment Test           | 1,925.00     |
| Beginning Reading Student | 29,708.43    |
| Brand Marketing Fund      | 42,478.37    |
| Franchise Fee             | 126,000.00   |
| HW Support Student        | 105,977.20   |
| Management Fee            | 41,787.23    |
| Math Student              | 32,764.63    |
| Reading Student           | 28,498.95    |
| Refunds                   | -15,629.08   |
| Royalty Fee               | 416,589.66   |
| SAT/ACT Prep              | 8,400.00     |
| Software Fee              | 18,245.00    |
| Uncategorized Income      | 0.00         |
| Writing Student           | 9,218.20     |
| Total Income              | \$845,963.59 |
| GROSS PROFIT              | \$845,963.59 |
| Expenses                  |              |
| Advertising               | 9,742.66     |
| Digital Media             | 16,169.82    |
| Indoor Signs              | 300.00       |
| Print                     | 264.09       |
| Recruitment               | 2,387.73     |
| Social Media              | 1,152.61     |
| TC Polo Shirts            | 248.12       |
| Total Advertising         | 30,265.03    |
| Auto                      |              |
| Gas                       | 78.42        |
| Total Auto                | 78.42        |
| Awards                    | 1,225.09     |
| Background Check          | 35.60        |
| Bank Charges              | 1,829.25     |
| Credit Card Fee           | 3,725.15     |
| Total Bank Charges        | 5,554.40     |
| Charitable Contributions  | 257.50       |
| College Prep Books        | 10,036.06    |
| Curriculum Development    | 750.00       |
| Dues & Subscriptions      | 5,508.80     |
| Accounting Software       | 4,842.31     |

## Profit and Loss

January—May, 2021

|                                 | TOTAL      |
|---------------------------------|------------|
| Alarm                           | 559.76     |
| Email System                    | 2,288.16   |
| Software                        | 10,676.88  |
| Total Dues & Subscriptions      | 23,875.91  |
| Insurance                       |            |
| Business Owners Policy          | 2,445.90   |
| Medical Insurance               | 29,819.36  |
| Total Insurance                 | 32,265.26  |
| Interest Paid                   | 26,705.37  |
| Janitorial                      | 2,380.00   |
| Legal & Professional Fees       | 9,180.04   |
| Broker Fee                      | 41,650.00  |
| IT Consultant                   | 1,986.74   |
| Marketing Director              | 23,514.95  |
| Total Legal & Professional Fees | 76,331.73  |
| Meals                           | 1,603.32   |
| Payroll Expenses                | 1,948.81   |
| Admin Expense                   | 17,406.14  |
| Admin Taxes                     | 7,385.50   |
| Corporate Expense               | 85,132.04  |
| Corporate Taxes                 | 30,227.86  |
| Officer Expenses                | 79,518.58  |
| Officer Taxes                   | 37,248.62  |
| Tutor Expense                   | 56,862.16  |
| Tutor Taxes                     | 14,982.94  |
| Workers Compensation            | 5,572.80   |
| Total Payroll Expenses          | 336,285.45 |
| QuickBooks Payments Fees        | 1,656.19   |
| Rent or Lease                   | 55,420.00  |
| Repair & Maintenance            | 408.00     |
| Shipping, Freight & Delivery    | 420.36     |
| Supplies                        | 3,957.63   |
| CPU                             | 4,197.73   |
| New Store Books                 | 1,489.26   |
| Personal Protective Equipment   | 2,101.13   |
| Student Store Supplies          | 2,287.86   |
| Total Supplies                  | 14,033.61  |
| Taxes & Licenses                | 1,170.75   |
| Modified Business Tax           | 982.47     |
| Total Taxes & Licenses          | 2,153.22   |

Profit and Loss  
January – May, 2021

|                      |              |
|----------------------|--------------|
| Travel               | 807.44       |
| Flights              | 195.97       |
| Hotel                | 771.47       |
| Total Travel         | 1,774.88     |
| Utilities            |              |
| Cellphone            | 4,768.51     |
| Electricity          | 1,313.53     |
| Email Hosting        | 3,430.87     |
| Gas                  | 370.31       |
| Internet             | 2,490.00     |
| Phone System         | 6,901.28     |
| Website Hosting      | 6,550.46     |
| Total Utilities      | 25,824.96    |
| Total Expenses       | \$649,340.36 |
| NET OPERATING INCOME | \$196,623.23 |
| Other Income         |              |
| ERG Tax Credit       | 85,095.82    |
| Total Other Income   | \$85,095.82  |
| NET OTHER INCOME     | \$85,095.82  |
| NET INCOME           | \$281,719.05 |



**TUTORING CLUB, LUC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**Table of Contents**

|                                                |                        |
|------------------------------------------------|------------------------|
| <b>Independent Auditor's Report .....</b>      | <b><u>1-2</u></b>      |
| <b>Financial Statements:</b>                   |                        |
| Balance Sheets .....                           | <u>23</u>              |
| Statements of Income and Members' Equity ..... | <u>34</u>              |
| Statements of Cash Flows.....                  | <u>45</u>              |
| <b>Notes to the Financial Statements .....</b> | <b><u>5-146-12</u></b> |
| <b>Supplementary Information:</b>              |                        |
| Schedule I - EBITDA .....                      | <u>1513</u>            |



*Independent Auditor's Report*

To the Members Tutoring Club, LLC Henderson, NV

Opinion

We have audited the accompanying financial statements of Tutoring Club, LLC, which comprise the balance sheets as of December 31, ~~2020-2022~~ and ~~2019~~2021, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tutoring Club, LLC as of December 31, 2022 and 2021, 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. 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 Tutoring Club, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

~~Management's Responsibility~~ Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of ~~these~~the financial statements in accordance with accounting principles generally accepted in the United States of America; ~~this includes, 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.

~~Auditor's Responsibility~~

~~Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.~~

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 Tutoring Club, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

**TUTORING CLUB, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

|                                                                                          | 2019              | 2018              |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash Flows From Operating Activities:</b>                                             |                   |                   |
| Net income                                                                               | \$ 430,605        | \$ 231,858        |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                   |                   |
| Amortization                                                                             | 496,304           | 449,255           |
| Bad debt expense                                                                         | -                 | 32,893            |
| Depreciation                                                                             | 21,609            | 21,330            |
| <b>Changes in:</b>                                                                       |                   |                   |
| (Increase) decrease in accounts receivable                                               | (109,786)         | (69,538)          |
| (Increase) decrease in deposits                                                          | 4,376             | -                 |
| Increase (decrease) in accrued expenses                                                  | 14,864            | 22,457            |
| Increase (decrease) in brand building fund payable                                       | -                 | 32,682            |
| Increase (decrease) in deferred franchise fees                                           | 7,534             | -                 |
| <b>Net cash provided by operating activities</b>                                         | <b>865,506</b>    | <b>720,937</b>    |
| <b>Cash Flows From Investing Activities:</b>                                             |                   |                   |
| Purchase of property and equipment                                                       | -                 | (8,383)           |
| <b>Net cash used in investing activities</b>                                             | <b>-</b>          | <b>(8,383)</b>    |
| <b>Cash Flows From Financing Activities:</b>                                             |                   |                   |
| Loans with related parties                                                               | 39,845            | 26,600            |
| Loan fees from debt issuance                                                             | (33,250)          | -                 |
| Proceeds from debt issuance                                                              | 2,000,000         | -                 |
| Principal payments on debt                                                               | (2,412,931)       | (442,475)         |
| Member distributions                                                                     | (418,000)         | (185,000)         |
| <b>Net cash used in financing activities</b>                                             | <b>(824,336)</b>  | <b>(600,875)</b>  |
| <b>Net Change in Cash</b>                                                                | <b>41,170</b>     | <b>111,679</b>    |
| <b>Cash, Beginning of Year</b>                                                           | <b>338,501</b>    | <b>226,822</b>    |
| <b>Cash, End of Year</b>                                                                 | <b>\$ 379,671</b> | <b>\$ 338,501</b> |
| <b>Supplemental disclosure of cash flow information:</b>                                 |                   |                   |
| Cash paid for interest                                                                   | \$ 223,091        | \$ 217,919        |

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Tutoring Club, LLC (the "Company") is presented to assist in

understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

### **Nature of the Business**

The Company was organized on March 24, 2006 as a domestic limited liability company under the laws of the state of Nevada. The principal activity of the Company is to grant franchises for, and operate, tutoring businesses under the Tutoring Club trade name. The Company and its franchisees operate education businesses that provide individualized academic assistance to students of all ages and ability levels.

### **Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

### **Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

### **Accounts Receivable**

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).

Management closely monitors outstanding balances and determines whether certain accounts should be written off.

## **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) Accounts**

### **Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

|                                 | 2019       | 2018       | 2017       |
|---------------------------------|------------|------------|------------|
| Accounts receivable             | \$ 366,007 | \$ 258,497 | \$ 188,959 |
| Allowance for doubtful accounts | (78,729)   | (81,005)   | (48,112)   |
| Accounts receivable, net        | \$ 287,278 | \$ 177,492 | \$ 140,847 |

### **Inventory**

Inventory consists of proprietary lesson books and is stated at the lower of cost (first-in, first-out) or market.

### **Property and Equipment**

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

## Revenue Recognition

From 2014 through 2018, the Financial Accounting Standards Board ("FASB") issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries ("Topic 606"). The Company adopted Topic 606 at the beginning of the year ended December 31, 2019 using the modified retrospective method. Below is a discussion of how the Company's revenues are earned, accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 ("Legacy GAAP"), accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 9 for information regarding the cumulative effect adjustment recorded to members' equity as of the beginning of the year ended December 31, 2019 to reflect the adoption of Topic 606. Also included in Note 9 is disclosure of the amount by which each balance sheet and income statement line item was impacted in the current reporting period as compared to Legacy GAAP.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Under Legacy GAAP, initial franchise fees were recognized as revenue upon the completion of initial training. Upon the adoption of Topic 606, the Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

| 2019                     | 2018 | 2017     |    |    |   |
|--------------------------|------|----------|----|----|---|
| Deferred franchise fees  | \$   | 74,334   | \$ | \$ | - |
| Less: current maturities |      | (22,758) |    |    |   |
|                          | \$   | 51,576   | \$ | \$ | - |

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

|      |    |        |
|------|----|--------|
| 2020 | \$ | 22,758 |
| 2021 |    | 22,758 |
| 2022 |    | 22,758 |
| 2023 |    | 6,060  |
|      | \$ | 74,334 |

Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

Under Legacy GAAP, receipts and expenditures related to brand building activities, such as marketing and advertising, which benefit the brand the franchisees operate under were netted together and presented on the balance sheet as either an asset or a liability. In accordance with the provisions of Topic 606, the Company has determined that these brand building activities provided to the franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statements of income and members' equity.

#### Advertising

Advertising costs are expensed as incurred or the first time such advertisement appears. For the years ended December 31, 2019 and 2018, total advertising costs were \$149,094 and \$118,57, respectively.

## Income Taxes

The Company was organized as a Limited Liability Company. Income is not taxed at the Company level but is passed through to the members. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2016.

### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### New Accounting Pronouncements

In February 2017, the FASB issued ASU 2017-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2020, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In January 2018 the FASB issued ASU 2018-04 (Topic 350) pertaining to intangibles—goodwill and other. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2022, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

### NOTE 2—PROPERTY AND EQUIPMENT

As of December 31, property and equipment consisted of the following:

|                                | 2019      | 2018       |
|--------------------------------|-----------|------------|
| Furniture and equipment        | \$ 81,620 | \$ 81,620  |
| Improvements                   | 56,423    | 56,423     |
| Vehicles                       | 20,817    | 20,817     |
|                                | 158,860   | 158,860    |
| Less: accumulated depreciation | (79,837)  | (58,228)   |
|                                | \$ 79,023 | \$ 100,632 |

Depreciation expense for the years ended December 31, 2019 and 2018 was \$21,609 and \$21,330, respectively.

### NOTE 3—GOODWILL AND INTANGIBLE ASSETS

Goodwill is attributable to the 2015 acquisition of membership interests in the Company by new ownership.

As of December 31, the gross carrying amounts of goodwill, accumulated amortization, and accumulated impairment loss consisted of the following:

|                                | 2019         | 2018         |
|--------------------------------|--------------|--------------|
| Goodwill                       | \$ 4,415,000 | \$ 4,415,000 |
| Less: accumulated amortization | (1,802,792)  | (1,361,292)  |
| Less: impairment loss          |              |              |
|                                | \$ 2,612,208 | \$ 3,053,708 |

### NOTE 3—GOODWILL AND INTANGIBLE ASSETS (Continued)

As of December 31, the gross carrying amounts of intangible assets, accumulated amortization, and accumulated impairment loss consisted of the following:

|                                  | 2019      | 2018     |
|----------------------------------|-----------|----------|
| Loan fees                        | \$ 33,250 | 72,548   |
| Franchise territories reacquired | -         | 5,000    |
|                                  | \$ 33,250 | 77,548   |
| Less: accumulated amortization   | (1,188)   | (23,932) |
| Less: impairment loss            | -         | -        |
|                                  | \$ 32,062 | 53,616   |

Total amortization expense for the years ended December 31, 2019 and 2018 was \$496,304 and \$449,255, respectively. The Company amortizes goodwill and intangible assets on the straight-line method over ten years unless a shorter useful life is more appropriate.

#### **NOTE 4 – RELATED PARTY TRANSACTIONS**

TC California is an affiliate of the Company and shares the same common ownership as the Company. From time to time, the Company loans money to and receives money from TC California. As of December 31, 2019 and 2018, the Company had a balance due from TC California in the amount of \$0 and \$39,845 respectively. Balances between the Company and TC California are non-interest bearing and due on demand.

The owners of the Company have ownership interest in various Tutoring Club franchises. There were no transactions with these franchises outside the normal course of business during 2019 and 2018.

#### **NOTE 5 – OPERATING LEASES**

During the years ended December 31, 2019 and 2018, the Company leased multiple facilities under non-cancellable agreements ranging from \$3,009 to \$8,028 per month and expiring at various times throughout August 2024.

At December 31, 2019, future minimum rental payments are due as follows:

|      |                   |
|------|-------------------|
| 2020 | \$ 85,248         |
| 2021 | 88,272            |
| 2022 | 91,296            |
| 2023 | 94,320            |
| 2024 | 64,224            |
|      | <u>\$ 423,360</u> |

As of December 31, 2019 and 2018 total rent expense was \$225,296 and \$202,712, respectively.

## NOTE 6—LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

|                                                                                                                                                                                                                                                                 | 2019         | 2018         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Note payable to an individual, due in monthly installments of \$8,805 with an interest rate of 7% and a maturity date of December 2022, unsecured.                                                                                                              | \$ 285,147   | \$ 367,678   |
| Note payable to an individual, due in monthly installments of \$4,158 with an interest rate of 7% and a maturity date of November 2022, unsecured. This note was paid off early.                                                                                |              | 169,288      |
| Note payable to a financial institution, due in monthly installments of \$27,981 with a variable interest rate of 6.75% and a maturity date of November 2025, collateralized by business assets and personal property of the members. This note was refinanced. |              | 1,986,019    |
| Note payable to a financial institution, due in monthly installments of \$27,113 with an interest rate of 3.70% and a maturity date of October 2026, collateralized by business assets.                                                                         | 1,955,157    |              |
| Note payable to an individual, due in monthly installments of \$4,402 with an interest rate of 7% and a maturity date of December 2022, unsecured.                                                                                                              | 142,552      | 183,811      |
| Note payable to an individual, due in monthly installments of \$2,079 with an interest rate of 5% and a maturity date of November 2022, unsecured. This note was paid off early.                                                                                |              | 84,631       |
| Note payable to a financial institution, due in monthly installments of \$416 with an interest rate of 7.24% and a maturity date of April 2021, collateralized by a vehicle.                                                                                    | 6,322        | 10,682       |
| Total long-term debt                                                                                                                                                                                                                                            | 2,389,178    | 2,802,109    |
| Less: current maturities                                                                                                                                                                                                                                        | (391,776)    | (415,683)    |
|                                                                                                                                                                                                                                                                 | \$ 1,997,402 | \$ 2,386,426 |

|          |                                                          |
|----------|----------------------------------------------------------|
| 2020     |                                                          |
| 2021     | \$ <del>391,776</del>                                    |
| 2022     | <del>410,892</del> <del>429,591</del>                    |
| 2023     | <del>287,389</del> <del>298,204</del> <del>571,326</del> |
| 2024     | \$ <del>2,389,178</del>                                  |
| Thereaft |                                                          |
| er       |                                                          |

Long term debt at December 31, 2019 matures as follows:



**NOTE 7—REVENUE RECOGNITION**

|                                         | 2019                | 2018                |
|-----------------------------------------|---------------------|---------------------|
| Services transferred at a point in time | \$ 3,238,190        | \$ 2,816,455        |
| Services transferred overtime           | 31,383              |                     |
|                                         | <u>\$ 3,269,573</u> | <u>\$ 2,816,455</u> |

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 8—COMMITMENTS AND CONTINGENCIES**

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

**NOTE 9—ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS**

As discussed in Note 1, the Company adopted Topic 606 at the beginning of the year ended December 31, 2019, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2019 and the cumulative effect of this transition was recorded as an adjustment to members' equity as of this date. As a result, the following adjustments were made to the balance sheet as of January 1, 2019:

**NOTE 9—ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS (Continued)****BALANCE SHEET**

| As Reported<br>12/31/18       | Adoption of Topic<br>606<br>Adjustments | Balances with<br>1/1/19 |
|-------------------------------|-----------------------------------------|-------------------------|
| <b>ASSETS</b>                 |                                         |                         |
| <b>Current Assets:</b>        |                                         |                         |
| Cash                          | \$ 338,501                              | \$ 338,501              |
| Accounts receivable, net      | 177,492                                 | 177,492                 |
| Inventory                     | 13,406                                  | 13,406                  |
| Due from related parties, net | 39,845                                  | 39,845                  |
| Total current assets          | <u>569,244</u>                          | <u>569,244</u>          |
| Property and Equipment, net   | <u>100,632</u>                          | <u>100,632</u>          |
| <b>Other Assets:</b>          |                                         |                         |
| Deposits                      | 4,376                                   | 4,376                   |
| Goodwill, net                 | 3,053,708                               | 3,053,708               |
| Intangible assets, net        | 53,616                                  | 53,616                  |
| Total other assets            | <u>3,111,700</u>                        | <u>3,111,700</u>        |
| Total Assets                  | <u>\$ 3,781,576</u>                     | <u>\$ 3,781,576</u>     |

| LIABILITIES AND MEMBERS' EQUITY            |             |          |           |
|--------------------------------------------|-------------|----------|-----------|
| Current Liabilities:                       |             |          |           |
| Accrued expenses                           | \$ 80.87    | \$       | 80.875    |
| Brand building fund payable                | 5           | (60.693) |           |
| Current portion of long-term debt          | 60.693      |          | 415.683   |
| Current portion of deferred franchise fees | 415.683     | 16.700   | 16.700    |
| Total current liabilities                  | 557.251     | (43.993) | 513.258   |
| Long-Term Liabilities:                     |             |          |           |
| Long-term debt, net of current             | 2,386.426   | -        | 2,386.426 |
| Deferred franchise fees, net of current    | -           | 50.100   | 50.100    |
| Total long-term liabilities                | 2,386.426   | 50.100   | 2,436.526 |
| Total Liabilities                          | 2,943.677   | 6.107    | 2,949.784 |
| Members' Equity                            | 837.899     | (6.107)  | 831.792   |
| Total Liabilities and Members' Equity      | \$ 3,781.57 | \$       | 3,781.576 |

The Company recorded an increase in the deferred franchise fees liabilities of \$66,800 as part of the cumulative adjustment related to unamortized initial franchise fees, with a corresponding adjustment in the same amount to members' equity.

The Company recorded a decrease in the brand building fund receivable of \$60,693 as part of the cumulative adjustment related to continuing fees, with a corresponding adjustment in the same amount to members' equity.

#### NOTE 9 - ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS (Continued)

The following tables reflect the impact of Topic 606 on the Company's balance sheet as of December 31, 2019 and on the Company's statement of income for the year ended December 31, 2019:

#### BALANCE SHEET

|                             | As<br>Reported<br>12/31/19 | Impact | Balances<br>under Legacy<br>GAAP |
|-----------------------------|----------------------------|--------|----------------------------------|
| ASSETS                      |                            |        |                                  |
| Current Assets:             |                            |        |                                  |
| Cash                        | \$ 379.671                 | \$     | 379.671                          |
| Accounts receivable, net    | 287.278                    | -      | 287.278                          |
| Inventory                   | 13.406                     | -      | 13.406                           |
| Total current assets        | 680.355                    | -      | 680.355                          |
| Property and Equipment, net | 79.023                     | -      | 79.023                           |
| Other Assets:               |                            |        |                                  |
| Goodwill, net               | 2,612.208                  | -      | 2,612.208                        |
| Intangible assets, net      | 32.062                     | -      | 32.062                           |
| Total other assets          | 2,644.270                  | -      | 2,644.270                        |
| Total Assets                | \$ 3,403.648               | \$     | 3,403.648                        |

| LIABILITIES AND MEMBERS' EQUITY            |              |          |           |
|--------------------------------------------|--------------|----------|-----------|
| Current Liabilities:                       |              |          |           |
| Accrued expenses                           | \$ 95.739    | \$       | 95.739    |
| Brand building fund payable                |              | 60.693   |           |
| Current portion of long-term debt          | 391.776      |          | 60.693    |
| Current portion of deferred franchise fees | 22.758       | (22.758) | 391.776   |
| Total current liabilities                  | 510.273      | 37.935   | 548.208   |
| Long-Term Liabilities:                     |              |          |           |
| Long-term debt, net of current             | 1,997.402    | -        | 1,997.402 |
| Deferred franchise fees, net of current    | 51.576       | (51.576) | -         |
| Total long-term liabilities                | 2,048.978    | (51.576) | 1,997.402 |
| Total Liabilities                          | 2,559.251    | (13.641) | 2,545.610 |
| Members' Equity                            | 844.397      | 13.641   | 858.038   |
| Total Liabilities and Members' Equity      | \$ 3,403.648 | \$       | 3,403.648 |

The significant impact resulting from the adoption of Topic 606 on the Company's balance sheet as of December 31, 2019, is consistent with those recorded as of January 1, 2019, as described previously.

**NOTE 9—ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS (Continued)**

STATEMENT OF INCOME

| Year ended 12/31/19 |        |                            |
|---------------------|--------|----------------------------|
| As Reported         | Impact | Balances under Legacy GAAP |

- 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.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements. 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 the entity's internal control. Accordingly, we express no such opinion is expressed.
- An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tutoring Club, LLC as of December 31, 2020 and 2019, and the results of its operations and its cashflows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tutoring Club, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Report on Supplementary Information*

Our audit was conducted for the purpose of ~~forming~~ forming an opinion on the financial statements as a whole. Schedule I-1 - EBITDA is presented for purposes of additional analysis and is not a required part of the financial statements. Such ~~information~~ information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The ~~information~~ information has been subjected to the auditing ~~procedures~~ procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such ~~information~~ information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional ~~procedures~~ procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ~~information~~ information is fairly stated in all material respects in relation to the financial statements as a whole.



NV

7381 W. Cna-leSlur-BivU, Sue. 'Las V^:i5 NVeeH?

M  
a

rch 2, 2023 Las  
Vegas, NV

b702-%7-2727 fTO2-£7BWM0

teeHuwa

le: \_\_\_\_\_ PUWe AwpyWiiI

**TUTORING CLUB, LUC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

|                                              | 2020        | 2022        | 2019        | 2021        |
|----------------------------------------------|-------------|-------------|-------------|-------------|
| <b>ASSETS</b>                                |             |             |             |             |
| <b>Current Assets:</b>                       |             |             |             |             |
| Cash                                         | \$627,733   | \$651,030   | \$379,671   | \$28,242    |
| Accounts receivable, net                     | 263,619     | 225,160     | 287,278     | 0,673       |
| Inventory                                    |             | 13,406      |             | 13,406      |
| Total current assets                         | 904,758     | 876,190     | 680,355     | 1,372,321   |
| <b>Property and Equipment, net</b>           | 57,414      | 21,754      | 79,023      | 38,232      |
| <b>Other Assets:</b>                         |             |             |             |             |
| Goodwill, net                                | 2,170,708   | 1,287,708   | 2,612,208   | 1,729,208   |
| Intangible lease assets, net                 |             | 139,906     |             | 223,849     |
| Intangible assets, net                       | 27,312      | 17,812      | 32,062      | 22,562      |
| Total other assets                           | 2,198,020   | 1,445,426   | 2,644,270   | 1,975,619   |
| <b>Total Assets</b>                          | \$3,160,192 | \$3,160,192 | \$3,403,648 | \$3,386,172 |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>       |             |             |             |             |
| <b>Current Liabilities:</b>                  |             |             |             |             |
| Accrued expenses                             | \$84,542    | \$52,549    | \$95,739    | \$53,511    |
| Due to related party                         |             | 307,596     |             | -307,596    |
| Deferred revenue                             | 202,454     | 300,898     |             | -311,414    |
| Current portion of long-term debt, current   | 379,863     | 288,712     | 391,776     | 45,099      |
| Deferred franchise fees, current             | 43,300      | 60,670      |             | 70          |
| Lease obligations, current                   |             | 88,730      |             | 81,468      |
| Total current liabilities                    | 1,017,755   | 1,099,155   | 510,273     | 1,280,054   |
| <b>Long-Term Liabilities:</b>                |             |             |             |             |
| Long-term debt, net of current               | 1,959,958   | 907,252     | 1,997,402   | 1,549,258   |
| Deferred franchise fees, net of current      | 90,442      | 290,982     |             | 452         |
| Lease obligations, net of current            |             | 63,036      |             | 151,766     |
| Total long-term liabilities                  | 2,050,400   | 1,261,270   | 2,048,978   | 1,701,476   |
| <b>Total Liabilities</b>                     | 3,068,155   | 2,360,425   | 2,559,251   | 2,981,530   |
| <b>Members' Equity</b>                       | 92,037      | 182,945     |             | 2,642       |
| <b>Total Liabilities and Members' Equity</b> | \$3,160,192 | \$3,160,192 | \$3,403,648 | \$3,386,172 |

TUTORING CLUB, LUC  
STATEMENTS OF INCOME AND MEMBERS' EQUITY  
YEARS ENDED DECEMBER 31, ~~2020~~ 2022 AND ~~2019~~ 2021

|                                                            |                      |                  |                  |
|------------------------------------------------------------|----------------------|------------------|------------------|
| Members' Equity, End of Year                               |                      | <u>\$92,037</u>  | <u>\$844,397</u> |
| Revenue                                                    |                      | <u>182,945</u>   | <u>262,642</u>   |
|                                                            | accounting standards | <u>,972,817</u>  | <u>2,512,051</u> |
| Operating Expenses:                                        |                      |                  |                  |
| Advertising                                                |                      | <u>86,350</u>    | <u>201,835</u>   |
| Amortization                                               |                      | <u>446,250</u>   | <u>496,304</u>   |
| Bad debt expense                                           |                      | <u>91,037</u>    | <u>11,079</u>    |
| Conferences                                                |                      | <u>7,194</u>     | <u>-</u>         |
| Depreciation                                               |                      | <u>21,609</u>    | <u>16,478</u>    |
| Insurance                                                  |                      | <u>74,930</u>    | <u>91,988</u>    |
| Office expense and miscellaneous                           |                      | <u>112,263</u>   | <u>107,337</u>   |
| Payroll and related costs                                  |                      | <u>848,287</u>   | <u>958,109</u>   |
| Professional fees                                          |                      | <u>54,000</u>    | <u>131,801</u>   |
| Rent                                                       |                      | <u>101,449</u>   | <u>138,422</u>   |
| Supplies                                                   |                      | <u>81,240</u>    | <u>171,199</u>   |
| Taxes and licenses                                         |                      | <u>1,705</u>     | <u>69,540</u>    |
| Travel, meals and entertainment                            |                      | <u>3,721</u>     | <u>62,516</u>    |
| Utilities                                                  |                      | <u>43,527</u>    | <u>49,825</u>    |
| Total operating expenses                                   |                      | <u>1,966,368</u> | <u>2,463,573</u> |
| Income ( <del>Loss</del> ) from Operations                 |                      | <u>(547,494)</u> | <u>509,244</u>   |
| Other Income (Expense):                                    |                      |                  |                  |
| ERC tax credit                                             |                      | <u>31,048</u>    | <u>333,132</u>   |
| PPP loan forgiveness                                       |                      | <u>230,918</u>   | <u>229,000</u>   |
| Other income                                               |                      | <u>35,208</u>    | <u>12,402</u>    |
| Interest expense                                           |                      | <u>(65,074)</u>  | <u>(57,183)</u>  |
| Total other income( <del>expense</del> )                   |                      | <u>(29,866)</u>  | <u>217,185</u>   |
| Net Income                                                 |                      | <u>(577,360)</u> | <u>726,429</u>   |
| Members' Equity, Beginning of Year, as Previously Reported |                      | <u>844,397</u>   | <u>272,027</u>   |
| Change in accounting principle                             |                      | <u>(9,385)</u>   | <u>-</u>         |
| Members' Equity, Beginning of Year, as Restated            |                      | <u>262,642</u>   | <u>92,037</u>    |
| Member distributions                                       |                      | <u>(175,000)</u> | <u>(806,126)</u> |
|                                                            |                      | <u>(418,000)</u> | <u>(551,350)</u> |

**TUTORING CLUB, LUC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, ~~2020~~ 2022 AND ~~2019~~ 2021**

|                                                     |           |             |             |
|-----------------------------------------------------|-----------|-------------|-------------|
| Proceeds from debt issuance                         | 576,000   | 00,000      | 229,002     |
| Principal payments on debt                          | (625,357) | (586,625)   | (2,112,931) |
| Lease principal payments                            |           | (81,468)    | (74,558)    |
| Member distributions                                | (175,000) | (806,126)   | (418,000)   |
| Net cash provided by (used in) financing activities | 83,239    | (1,474,219) | (824,336)   |
| <b>Net Change in Cash</b>                           | 248,062   | (477,212)   | 41,170      |
| <b>Cash, Beginning of Year</b>                      | 379,671   | 1,128,242   | 338,501     |
| <b>Cash, End of Year</b>                            | \$627,733 | \$ 651,030  | \$ 379,671  |

**Supplemental disclosure of cash flow information:**

|                                             |          |          |            |
|---------------------------------------------|----------|----------|------------|
| Cash paid for interest                      | \$65,074 | \$57,183 | \$ 223,091 |
| (increase), decrease in accounts receivable | (61,976) | (25,000) | (62,116)   |



## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Tutoring Club, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

### **Nature of the Business**

The Company was organized on March 24, 2006 as a domestic limited liability company under the laws of the state of Nevada. The principal activity of the Company is to grant franchises for, and operate, tutoring businesses under the Tutoring Club trade name. The Company and its franchisees operate education businesses that provide individualized academic assistance to students of all ages and ability levels.

### **Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

### **Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

### **Accounts Receivable**

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. ~~Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).~~

Management closely monitors outstanding balances and determines whether certain accounts should be written off.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

|                                 |            |            |            |           |            |
|---------------------------------|------------|------------|------------|-----------|------------|
| Accounts receivable             | \$ 396,386 | \$ 390,820 | \$ 433,385 | (78,729)  | (81,005)   |
| Allowance for doubtful accounts | (171,226)  | (160,147)  | (169,766)  |           |            |
| Accounts receivable, net        | \$ 225,160 | \$ 230,673 | \$ 263,619 | \$287,278 | \$ 177,492 |

**Inventory**

Inventory consists of proprietary lesson books and is stated at the lower of cost (first-in, first-out) or market.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which range from five to ten years. Expenditures for routine maintenance and repairs on property and equipment are charged to expense.

**Revenue Recognition**

~~From 2014 through 2018, the Financial Accounting Standards Board ("FASB") issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries ("Topic 606"). The Company adopted Topic 606 at the beginning of the year ended December 31, 2019 using the modified retrospective method. Below is a discussion of how the Company's revenues are earned, accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 ("Legacy GAAP"), accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 9 for information regarding the cumulative effect adjustment recorded to members' equity as of the beginning of the year ended December 31, 2019 to reflect the adoption of Topic 606. Also included in Note 9 is disclosure of the amount by which each balance sheet and income statement line item was impacted in the current reporting period as compared to Legacy GAAP.~~

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

~~Under Legacy GAAP, initial franchise fees were recognized as revenue upon the completion of initial training. Upon the adoption of Topic 606, the~~ The Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. ~~As a result, upon the adoption of Topic 606, initial~~ Initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the ~~straight~~ straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

|                          | 2022       | 2021       | 2020      | 2019     | 2018    |
|--------------------------|------------|------------|-----------|----------|---------|
| Deferred franchise fees  | \$ 151,652 | \$ 217,522 | \$        |          | 133,742 |
| Less: current maturities | (60,670)   | (75,070)   | (43,300)  | \$       | \$      |
| Deferred franchise fees  |            |            | 133,742   | 74,334   |         |
|                          |            |            |           | (22,758) |         |
|                          | \$ 90,982  | \$ 142,452 | \$ 90,442 | \$       | \$      |
|                          |            |            |           | 51,576   |         |

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

|      |           |      |            |
|------|-----------|------|------------|
| 2021 | \$ 43,300 | 2023 | \$ 26,600  |
| 2022 | 43,300    | 2024 | 20,542     |
|      |           | 2025 | 34,070     |
|      |           | 2026 | 2,300      |
|      |           |      | \$ 133,742 |
|      |           |      | 151,652    |

Under Legacy GAAP, continuing ~~Continuing~~ fees were recognized monthly, as they ~~were~~ are earned.

The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606. Under Legacy GAAP, receipts and expenditures related to brand building activities, such as marketing and advertising, which benefit the brand the franchisees operate under were netted together and presented on the balance sheet as either an asset or a liability. In accordance with the provisions of Topic 606, the Company has determined that these brand building activities provided to the franchisees are highly interrelated with the franchise rights and therefore not distinct. As a result, revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statements of income (loss) and members' equity.

**Advertising**

Advertising costs are expensed as incurred or the first time such advertisement appears. For the years ended December 31, ~~2020~~ 2022 and ~~2019~~ 2021, total advertising costs were ~~\$86,353~~ 201,835 and ~~\$149,094~~ \$127,890, respectively.

**Intangible Lease Asset**

The Company recognizes intangible right-of-use lease assets and associated lease obligation under its non-cancelable lease arrangements. The intangible lease asset is amortized on a straight-line basis over the shorter of the term of the lease or the useful life of the underlying asset.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**Income Taxes**

The Company was organized as a Limited Liability Company. Income is not taxed at the Company level but is passed through to the members. Therefore, no provision or liability for federal ~~or state~~ income taxes has been included in the financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before ~~2017~~2019.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 1-2 - SUMMARY OF SIGNIFICANT CHANGE IN ACCOUNTING POLICIES**  
**(Continued) PRINCIPLE**

**New Accounting Pronouncements**

In February 2017, the FASB issued ASU 2017-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2020, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In January 2018 the FASB issued ASU 2018-04 (Topic 350) pertaining to intangibles—goodwill and other. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2022, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

In January 2021, the Company adopted *ASU 2016-02, Leases (Topic 842)* and subsequent amendments to that guidance, which sets out the principles for the recognition, measurement, and disclosure of leases. The ASU was adopted retrospectively resulting in the following changes to the December 31, 2021 balance sheet:

| <u>As</u>                                   |                   |                   |                 |
|---------------------------------------------|-------------------|-------------------|-----------------|
| <u>Selected data from the balance sheet</u> | <u>Previously</u> |                   | <u>As</u>       |
| <u>as of December 31, 2021:</u>             | <u>Reported</u>   | <u>Adjustment</u> | <u>Restated</u> |
| <u>Intangible lease assets, net Lease</u>   | \$                | \$ 223,849        | \$ 223,849      |
| <u>obligations, current Lease</u>           |                   | (81,468)          | (81,468)        |
| <u>obligations, net of current</u>          |                   | (151,766)         | (151,766)       |
| <u>Members' equity</u>                      | (272,027)         | 9,385             | (262,642)       |

**NOTE 2-3 - PROPERTY AND EQUIPMENT**

As of December 31, property and equipment consisted of the following:

|                                | <u>20202022</u> | <u>20192021</u>       |
|--------------------------------|-----------------|-----------------------|
| Furniture and equipment        | \$ 81,620       | \$ 81,620             |
| Improvements                   | 56,423          | 56,423                |
| Vehicles                       | 20,817          | 20,817                |
|                                | 158,860         | 158,860               |
|                                | (101,446)       | (137,1 (79,837)(120,6 |
| Less: accumulated depreciation | 06)             | 28)                   |
|                                | \$ 57,414       | \$21,75 79,02338,23   |
|                                | 4               | \$ 2                  |

Depreciation expense for the years ended December 31, 2020-2022 and 2019-2021 was \$21,60916,478 and \$19,182, respectively.

**NOTE 3-4 - GOODWILL AND INTANGIBLE ASSETS**

Goodwill is attributable to the 2015 acquisition of membership interests in the Company by new ownership.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

As of December 31, the gross carrying amounts of goodwill, accumulated amortization, and accumulated impairment loss consisted of the following:

|                                                    | <u>2020</u> <u>2022</u> | <u>2019</u> <u>2021</u> |
|----------------------------------------------------|-------------------------|-------------------------|
| Goodwill                                           | \$ 4,415,000            | \$ 4,415,000            |
| Less: accumulated amortization                     | ( <u>2,244,292</u> )    | ( <u>1,802,792</u> )    |
| Less: <del>impairment</del> <u>impairment</u> loss | <u>3,127,292</u>        | <u>685,792</u>          |
|                                                    | \$ <u>2,170,708</u>     | \$ <u>2,612,208</u>     |
|                                                    | <u>87,708</u>           | <u>9,208</u>            |

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 3-4 - GOODWILL AND INTANGIBLE ASSETS (Continued)**

As of December 31, the gross carrying amounts of intangible assets, accumulated amortization, and accumulated impairment loss consisted of the following:

|                                  |            | 2020-2022 | 2019-2021 |
|----------------------------------|------------|-----------|-----------|
| Loan fees                        | \$ 33,250  | 33,250    |           |
| Franchise territories reacquired | \$ 33,250  | 33,250    |           |
| Less: impairment loss            | \$ -17,812 | -         | 22,562    |
| Less: accumulated amortization   |            | (15,458)  | (10,688)  |
| Less: impairment loss            |            |           |           |
|                                  | \$27,312   | \$32,062  |           |

Total amortization expense for the years ended December 31, 2020-2022 and 2019-2021 was \$446,250 and \$496,304, respectively. The Company amortizes goodwill and intangible assets on the straight-line method over ten years unless a shorter useful life is more appropriate.

**NOTE 4-5 - RELATED PARTY TRANSACTIONS**

TC California is an affiliate of the Company and shares the same common ownership as the Company. From time to time, the Company loans money to and receives money from TC California. As of December 31, 2020-2022 and 2019-2021, the Company had a balance due to TC California in the amount of \$307,596 and \$0-307,596 respectively. Balances between the Company and TC California are non-interest bearing and due on demand.

The owners of the Company have ownership interest in various Tutoring Club franchises. There were no transactions with these franchises outside the normal course of business during 2020-2022 and 2019-2021.

**NOTE 5-6 - REVENUE RECOGNITION**

As of December 31, the timing and recognition of revenue was as follows:

|                                         | 2022         | 2021         |
|-----------------------------------------|--------------|--------------|
| Services transferred at a point in time | \$ 2,895,447 | \$ 2,436,981 |
| Services transferred over time          | 77,370       | 75,070       |
|                                         | \$ 2,972,817 | \$ 2,512,051 |

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 7 - OPERATING LEASES**

~~During the years ended December 31, 2020 and 2019, the Company leased multiple facilities under non-cancellable agreements ranging from \$3,009 to \$8,028 per month and expiring at various times throughout August 2024.~~

The Company leases office space under a non-cancelable operating lease. This lease commenced in April 2019, with monthly payments ranging from \$7,020 to \$8,028 and expires in August 2024.

~~At December 31, 2020~~As of December 31, 2022, future minimum rental payments are due as follows:

|                 |    |                    |
|-----------------|----|--------------------|
| <del>2021</del> | \$ | <del>88,272</del>  |
| <del>2022</del> |    | <del>91,296</del>  |
| <del>2023</del> |    | <del>94,320</del>  |
| <del>2024</del> |    | <del>64,224</del>  |
|                 | \$ | <del>338,112</del> |

|             |    |                |
|-------------|----|----------------|
| <u>2023</u> | \$ | <u>94,320</u>  |
| <u>2024</u> |    | <u>64,224</u>  |
|             | \$ | <u>158,544</u> |

~~As of Total rent expense for the years ended December 31, 2020 and 2019 total rent expense was \$101,449 and \$225,296~~2022 and 2021 was \$138,422 and \$157,777, respectively.

**NOTE 6-8 - LONG-TERM DEBT**

As of December 31, long-term debt consisted of the following:

~~2020~~2022                      ~~2019~~2021



TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

|    |                                                                             |                |                                |
|----|-----------------------------------------------------------------------------|----------------|--------------------------------|
| In |                                                                             |                |                                |
| 1  | In April 2020, the Company was granted an Economic Injury                   |                |                                |
| 2  | Disaster Loan (EIDL), from a financial institution in the in the aggregate  |                |                                |
| 3  | amount of \$347,000, pursuant to Section 7(b) of the Small Business Act,    |                |                                |
| 4  | as amended. The loan matures in April 2050 and bears interest at a fixed    |                |                                |
| 5  | rate of 3.75% per annum, payable monthly commencing May                     |                |                                |
| 6  | 2021November 2022. The Note loan may be prepaid by the Borrower at          |                |                                |
| 7  | any time prior to maturity with no prepayment penalties. Funds from the     |                |                                |
| 8  | loan may only be used as working capital to alleviate economic injury       |                |                                |
| 9  | caused by the disaster occurring in the month of January 2020. The loan     |                |                                |
| 10 | is collateralized by assets of the Company.                                 | 347,000367,398 | 369,344                        |
| 11 | Note payable to an individual, due in monthly installments of \$8,805       |                |                                |
| 12 | with an interest rate of 7% and a maturity date of December 2022,           |                |                                |
| 13 | unsecured. In February 2021, the Company was granted a loan from a          |                |                                |
| 14 | financial institution in the aggregate amount of \$229,002, pursuant to the |                |                                |
| 15 | Paycheck Protection Program (the "PPP") under Division A,                   |                |                                |
| 16 | Title 1 of the CARES Act, which was enacted March 27, 2020.                 |                |                                |
| 17 | The loan was set to mature in February 2023 but was forgiven in full in     |                |                                |
| 18 | February 2022.                                                              |                |                                |
| 19 | October 2026, collateralized by business assets.                            | 828,566        | \$ 285,147230,918<br>1,399,991 |
| 20 | Note payable 1,763,821 1,955,157                                            |                |                                |
| 21 | to a financial                                                              |                |                                |
| 22 | institution,                                                                |                |                                |
| 23 | due in                                                                      |                |                                |
| 24 | monthly                                                                     |                |                                |
| 25 | installments                                                                |                |                                |
| 26 | of \$27, 113                                                                |                |                                |
| 27 | with an                                                                     |                |                                |
| 28 | interest rate                                                               |                |                                |
| 29 | of 3.70% and                                                                |                |                                |
| 30 | a maturity                                                                  |                |                                |
| 31 | date of                                                                     |                |                                |
| 32 | October                                                                     |                |                                |
| 33 | 2026,                                                                       |                |                                |
| 34 | collateralized                                                              |                |                                |
| 35 | by business                                                                 |                |                                |
| 36 | assets.                                                                     |                |                                |

TUTORING CLUB, LUC  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2022 AND 2021

|                          |             |           |             |           |
|--------------------------|-------------|-----------|-------------|-----------|
| Total long-term debt     | 2,339,821   | 1,195,964 | 2,389,178   | 2,000,253 |
| Less: current maturities | (379,863)   | (288,712) | (391,776)   | (450,995) |
|                          | \$1,959,958 | \$        | \$1,997,402 | \$        |
|                          | 907,252     |           | 1,549,258   |           |

monthly installments of \$4,402 with an interest rate of 7% and a maturity date of December 2022, unsecured. Note 6,322 payable to an individual, due in monthly installments of \$2,079 with an interest rate of 5% and a maturity date of November 2022, unsecured. This note was paid off early.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 6-8 - LONG-TERM DEBT (Continued)**

Long-term debt at As of December 31, 2019 ~~long-term debt~~ matures as follows:

|                   |                            |
|-------------------|----------------------------|
| <u>2021</u>       | \$ <del>379,863</del>      |
| <u>2022</u>       | <del>400,379</del>         |
| <u>2023</u>       | <del>294,846 305,945</del> |
| <u>2024</u>       | <del>317,463 641,325</del> |
| <u>2025</u>       | \$ <del>2,339,821</del>    |
| <u>Thereafter</u> |                            |

**NOTE 7- REVENUE RECOGNITION**

|                                         | <u>2020</u>         | <u>2019</u>         |
|-----------------------------------------|---------------------|---------------------|
| Services transferred at a point in time | \$ <u>1,375,574</u> | \$ <u>3,238,190</u> |
| Services transferred over time          | <u>43,300</u>       | <u>31,383</u>       |
|                                         | \$ <u>1,418,874</u> | \$ <u>3,269,573</u> |

~~Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.~~

|                   |                        |
|-------------------|------------------------|
| <u>2023</u>       | \$ <u>288,712</u>      |
| <u>2024</u>       | <u>304,544 249,051</u> |
| <u>2025</u>       | <u>9,110 9,458</u>     |
| <u>2023</u>       | <u>335,089</u>         |
| <u>2026</u>       | \$ <u>1,195,964</u>    |
| <u>Thereafter</u> |                        |

**NOTE 8- NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Company is involved, from time to time, in claims incidental to the conduct of its business. Based on consultation with legal counsel, the Company does not have claims, either individually or in the aggregate, that would have a material adverse effect on the Company's financial condition or results of operations.

~~In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.~~

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

~~NOTE 9 - ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS~~

~~As discussed in Note 1, the Company adopted Topic 606 at the beginning of the year ended December 31, 2019, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2019 and the cumulative effect of this transition was recorded as an adjustment to members' equity as of this date. As a result, the following adjustments were made to the balance sheet as of January 1, 2019:~~

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 9 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS**  
**(Continued)**

**BALANCE SHEET**

| As Reported<br>12/31/18                    | Adoption of Topic<br>Adjustments<br>606<br>1/1/19 | Balances with |
|--------------------------------------------|---------------------------------------------------|---------------|
| <b>ASSETS</b>                              |                                                   |               |
| <b>Current Assets:</b>                     |                                                   |               |
| Cash                                       | \$ 338,501                                        | \$ 338,501    |
| Accounts receivable, net                   | 177,492                                           | 177,492       |
| Inventory                                  | 13,406                                            | 13,406        |
| Due from related parties, net              | 39,845                                            | 39,845        |
| Total current assets                       | 569,244                                           | 569,244       |
| Property and Equipment, net                | 100,632                                           | 100,632       |
| <b>Other Assets:</b>                       |                                                   |               |
| Deposits                                   | 4,376                                             | 4,376         |
| Goodwill, net                              | 3,053,708                                         | 3,053,708     |
| Intangible assets, net                     | 53,616                                            | 53,616        |
| Total other assets                         | 3,111,700                                         | 3,111,700     |
| Total Assets                               | \$ 3,781,576                                      | \$ 3,781,576  |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>     |                                                   |               |
| <b>Current Liabilities:</b>                |                                                   |               |
| Accrued expenses                           | \$ 80,875                                         | \$ 80,875     |
| Brand building fund payable                | 60,693                                            | (60,693)      |
| Current portion of long-term debt          | 415,683                                           | 415,683       |
| Current portion of deferred franchise fees | 16,700                                            | 16,700        |
| Total current liabilities                  | 557,251                                           | 513,258       |
| <b>Long-Term Liabilities:</b>              |                                                   |               |
| Long-term debt, net of current             | 2,386,426                                         | 2,386,426     |
| Deferred franchise fees, net of current    | -                                                 | 50,100        |
| Total long-term liabilities                | 2,386,426                                         | 2,436,526     |
| Total Liabilities                          | 2,943,677                                         | 2,949,784     |
| Members' Equity                            | 837,899                                           | (6,107)       |
| Total Liabilities and Members' Equity      | \$ 3,781,576                                      | \$ 3,781,576  |

The Company recorded an increase in the deferred franchise fees liabilities of \$66,800 as part of the cumulative adjustment related to unamortized initial franchise fees, with a corresponding adjustment in the same amount to members' equity.

The Company recorded a decrease in the brand building fund receivable of \$60,693 as part of the cumulative adjustment related to continuing fees, with a corresponding adjustment in the same amount to members' equity.

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

**NOTE 9 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS**  
**(Continued)**

The following tables reflect the impact of Topic 606 on the Company's balance sheet as of December 31, 2019 and on the Company's statement of income for the year ended December 31, 2019:

**BALANCE SHEET**

|                             | As<br>Reported<br>12/31/19 | Impact | Balances<br>under Legacy<br>GAAP |
|-----------------------------|----------------------------|--------|----------------------------------|
| <b>ASSETS</b>               |                            |        |                                  |
| Current Assets:             |                            |        |                                  |
| Cash                        | \$ 379,671                 | \$     | \$ 379,671                       |
| Accounts receivable, net    | 287,278                    | -      | 287,278                          |
| Inventory                   | 13,406                     | -      | 13,406                           |
| Total current assets        | 680,355                    | -      | 680,355                          |
| Property and Equipment, net | 79,023                     | -      | 79,023                           |
| Other Assets:               |                            |        |                                  |
| Goodwill, net               | 2,612,208                  | -      | 2,612,208                        |
| Intangible assets, net      | 32,062                     | -      | 32,062                           |
| Total other assets          | 2,644,270                  | -      | 2,644,270                        |
| Total Assets                | \$ 3,403,648               | \$     | \$ 3,403,648                     |

**LIABILITIES AND MEMBERS' EQUITY**

|                                            |              |          |              |
|--------------------------------------------|--------------|----------|--------------|
| Current Liabilities:                       |              |          |              |
| Accrued expenses                           | \$ 95,739    | \$       | \$ 95,739    |
| Brand building fund payable                |              | 60,693   | 60,693       |
| Current portion of long-term debt          | 391,776      |          | 391,776      |
| Current portion of deferred franchise fees | 22,758       | (22,758) | 22,758       |
| Total current liabilities                  | 510,273      | 37,935   | 548,208      |
| Long-Term Liabilities:                     |              |          |              |
| Long-term debt, net of current             | 1,997,402    | -        | 1,997,402    |
| Deferred franchise fees, net of current    | 51,576       | (51,576) | 51,576       |
| Total long-term liabilities                | 2,048,978    | (51,576) | 1,997,402    |
| Total Liabilities                          | 2,559,251    | (13,641) | 2,545,610    |
| Members' Equity                            | 844,397      | 13,641   | 858,038      |
| Total Liabilities and Members' Equity      | \$ 3,403,648 | \$       | \$ 3,403,648 |

The significant impact resulting from the adoption of Topic 606 on the Company's balance sheet as of December 31, 2019, is consistent with those recorded as of January 1, 2019, as described previously.

**NOTE 9 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS**  
**(Continued)**

**STATEMENT OF INCOME**

TUTORING CLUB, LUC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2022 AND 2021

|                                  | Year ended 12/31/19 |             |                            |
|----------------------------------|---------------------|-------------|----------------------------|
|                                  | As Reported         | Impact      | Balances under Legacy GAAP |
| Revenue                          | \$ 3,269,573        | \$ (48,492) | \$ 3,221,081               |
| Operating Expenses:              |                     |             |                            |
| Advertising                      | 149,094             | -           | 149,094                    |
| Amortization                     | 496,304             | -           | 496,304                    |
| Depreciation                     | 21,609              | -           | 21,609                     |
| Insurance                        | 82,531              | -           | 82,531                     |
| Office expense and miscellaneous | 101,574             | -           | 101,574                    |
| Payroll and related costs        | 1,160,426           | -           | 1,160,426                  |
| Professional fees                | 154,119             | -           | 154,119                    |
| Rent                             | 225,296             | -           | 225,296                    |
| Supplies                         | 148,461             | -           | 148,461                    |
| Taxes and licenses               | 4,607               | -           | 4,607                      |
| Travel, meals and entertainment  | 20,568              | -           | 20,568                     |
| Utilities                        | 51,288              | -           | 51,288                     |
| Total operating expenses         | 2,615,877           | -           | 2,615,877                  |
| Income from Operations           | 653,696             | (48,492)    | 605,204                    |
| Other Income (Expense):          |                     |             |                            |
| Interest expense                 | (223,091)           | -           | (223,091)                  |
| Net Income                       | \$ 430,605          | \$ (48,492) | \$ 605,204                 |

Upon the adoption of Topic 606, the timing and amount of revenue recognized from initial franchise fees changed from upfront recognition under Legacy GAAP to recognition over the term of the franchise agreement to which the fees relate. Also, under Legacy GAAP, amounts reported as brand building revenue and expenses were presented on a net basis. Upon the adoption of Topic 606, these amounts require gross presentation in the statement of income.

#### NOTE 10 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through ~~May 6~~March 2, 2021 2023, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.

**SUPPLEMENTARY**

**INFORMATION**

Tutoring Club, LLC



**TUTORING CLUB, LUC**  
**SCHEDULE I - EBITDA**  
**DECEMBER 31, ~~2020~~ 2022 AND**  
**~~2019~~ 2021**

Tutoring Club, LLC

|                   | <u>2020</u> 2022                                      | <u>2019</u> 2021                                       |
|-------------------|-------------------------------------------------------|--------------------------------------------------------|
| Net income (loss) | <u><u>\$</u>(577,360)<u>\$</u></u><br><u>726,429</u>  | <u><u>\$</u>430,605<u>\$</u></u><br><u>721,955</u>     |
| Interest expense  | <u>65,074</u> <u>57,183</u>                           | <u>223,091</u> <u>75,582</u>                           |
| Depreciation      | <u>21,609</u> <u>16,478</u>                           | <u>21,609</u> <u>19,182</u>                            |
| Amortization      | <u>446,250</u>                                        | <u>496,304</u> <u>446,250</u>                          |
| EBITDA            | <u><u>\$</u>(44,427)<u>\$</u></u><br><u>1,246,340</u> | <u><u>\$</u>1,171,609<u>\$</u></u><br><u>1,262,969</u> |

*See accountant's report.*



Monthly Profit and Loss  
Table of Contents

|                                                |      |
|------------------------------------------------|------|
| <b>Independent Auditor's Report</b> .....      | 1    |
| <b>Financial Statements:</b>                   |      |
| Balance Sheets .....                           | 2    |
| Statements of Income and Members' Equity.....  | 3    |
| Statements of Cash Flows .....                 | 4    |
| <b>Notes to the Financial Statements</b> ..... | 5 14 |
| <b>Supplementary Information:</b>              |      |
| Schedule I – EBITDA.....                       | 15   |

# ELLSWORTH « STOUF

CPAs and Consultants

*Independent Auditor's Report*

To the Members Tutoring Club, LLC Henderson, NV

We have audited the accompanying financial statements of Tutoring Club, LLC, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

# Tutoring Club, LLC

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tutoring Club, LLC as of December 31, 2019 and 2018, and the results of its operations and its cashflows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule I—EBITDA is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

April 9, 2020

Las Vegas,

NV



AiuiLy FranCiil-ChiKr 7381-W. Cna-leSlur BIvU, Sue. 'Las V^:i5 NVeeH?

b702-%7\2727 fTO2-£7B'WM0  
teeHuwa

Ir^: \_\_\_\_\_ PUWe AwpvWiiJ-I

~~TUTORING CLUB~~ **Tutoring Club, LUC LLC**  
~~FINANCIAL STATEMENTS~~

|                                            | 2019         | 2018         |
|--------------------------------------------|--------------|--------------|
| <b>ASSETS</b>                              |              |              |
| Current Assets:                            |              |              |
| Cash                                       | \$ 379,671   | \$ 338,501   |
| Accounts receivable, net                   | 287,278      | 177,492      |
| Inventory                                  | 13,406       | 13,406       |
| Due from related parties, net              | -            | 39,845       |
| Total current assets                       | 680,355      | 569,244      |
| Property and Equipment, net                | 79,023       | 100,632      |
| Other Assets:                              |              |              |
| Deposits                                   | -            | 4,376        |
| Goodwill, net                              | 2,612,208    | 3,053,708    |
| Intangible assets, net                     | 32,062       | 53,616       |
| Total other assets                         | 2,644,270    | 3,111,700    |
| Total Assets                               | \$ 3,403,648 | \$ 3,781,576 |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>     |              |              |
| Current Liabilities:                       |              |              |
| Accrued expenses                           | \$ 95,739    | \$ 80,875    |
| Brand building fund payable                | -            | 60,693       |
| Current portion of long-term debt          | 391,776      | 415,683      |
| Current portion of deferred franchise fees | 22,758       | -            |
| Total current liabilities                  | 510,273      | 557,251      |
| Long-Term Liabilities:                     |              |              |
| Long-term debt, net of current             | 1,997,402    | 2,386,426    |
| Deferred franchise fees, net of current    | 51,576       | -            |
| Total long-term liabilities                | 2,048,978    | 2,386,426    |
| Total Liabilities                          | 2,559,251    | 2,943,677    |
| Members' Equity                            | 844,397      | 837,899      |
| Total Liabilities and Members' Equity      | \$ 3,403,648 | \$ 3,781,576 |

**TUTORING CLUB, LUC**  
**STATEMENTS OF INCOME AND MEMBERS' EQUITY YEARS ENDED**  
**DECEMBER 31, 2019 AND 2018**

January - March, 2023

# Tutoring Club, LLC

|                                         | <u>JAN 2023</u>     | <u>FEB 2023</u>     | <u>MAR 2023</u>     | <u>TOTAL</u>        |
|-----------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Income</u>                           |                     |                     |                     |                     |
| <u>Assessment Test</u>                  | <u>350.00</u>       | <u>625.00</u>       | <u>325.00</u>       | <u>\$1,300.00</u>   |
| <u>Beginning Reading Student</u>        | <u>4,680.00</u>     | <u>8,911.00</u>     | <u>4,308.60</u>     | <u>\$17,899.60</u>  |
| <u>Bookeeping Service</u>               | <u>600.00</u>       | <u>431.03</u>       | <u>428.58</u>       | <u>\$1,459.61</u>   |
| <u>Brand Marketing Fund</u>             | <u>12,867.36</u>    | <u>15,603.94</u>    | <u>16,663.11</u>    | <u>\$45,134.41</u>  |
| <u>Digital Marketing Management Fee</u> | <u>3,250.00</u>     | <u>3,250.00</u>     | <u>3,250.00</u>     | <u>\$9,750.00</u>   |
| <u>Equipment Package</u>                | <u>8,196.71</u>     |                     |                     | <u>\$8,196.71</u>   |
| <u>Franchise Fee</u>                    | <u>34,500.00</u>    | <u>34,500.00</u>    | <u>2,156.25</u>     | <u>\$71,156.25</u>  |
| <u>HW Support Student</u>               | <u>12,819.57</u>    | <u>18,488.33</u>    | <u>20,957.56</u>    | <u>\$52,265.46</u>  |
| <u>Late Royalty Fee</u>                 | <u>200.00</u>       |                     | <u>100.00</u>       | <u>\$300.00</u>     |
| <u>Management Fee</u>                   | <u>3,719.28</u>     | <u>16,182.15</u>    | <u>15,834.93</u>    | <u>\$35,736.36</u>  |
| <u>Marketing Materials</u>              | <u>1,285.52</u>     | <u>2,020.56</u>     | <u>1,956.16</u>     | <u>\$5,262.24</u>   |
| <u>Math Student</u>                     | <u>4,158.33</u>     | <u>16,292.99</u>    | <u>8,616.17</u>     | <u>\$29,067.49</u>  |
| <u>Reading Student</u>                  | <u>4,391.67</u>     | <u>13,116.15</u>    | <u>12,174.55</u>    | <u>\$29,682.37</u>  |
| <u>Refunds</u>                          | <u>-2,904.52</u>    |                     |                     | <u>\$ -2,904.52</u> |
| <u>Royalty Fee</u>                      | <u>126,139.50</u>   | <u>150,382.34</u>   | <u>172,727.25</u>   | <u>\$449,249.09</u> |
| <u>SAT/ACT Prep</u>                     | <u>5,850.00</u>     |                     |                     | <u>\$5,850.00</u>   |
| <u>Software Fee</u>                     | <u>5,771.50</u>     | <u>5,615.57</u>     | <u>6,212.22</u>     | <u>\$17,599.29</u>  |
| <u>Trademark Settlement</u>             | <u>3,000.00</u>     |                     |                     | <u>\$3,000.00</u>   |
| <u>Unapplied Cash Payment Income</u>    |                     | <u>1,743.00</u>     | <u>-669.34</u>      | <u>\$1,073.66</u>   |
| <u>Writing Student</u>                  | <u>9,460.00</u>     | <u>2,560.00</u>     | <u>9,415.36</u>     | <u>\$21,435.36</u>  |
| <u>Total Income</u>                     | <u>\$238,334.92</u> | <u>\$289,722.06</u> | <u>\$274,456.40</u> | <u>\$802,513.38</u> |
| <u>GROSS PROFIT</u>                     | <u>\$238,334.92</u> | <u>\$289,722.06</u> | <u>\$274,456.40</u> | <u>\$802,513.38</u> |
| <u>Expenses</u>                         |                     |                     |                     |                     |
| <u>Advertising</u>                      | <u>195.00</u>       | <u>90.00</u>        | <u>38.13</u>        | <u>\$323.13</u>     |
| <u>Banners</u>                          | <u>158.74</u>       |                     |                     | <u>\$158.74</u>     |
| <u>Digital Media</u>                    | <u>4,437.09</u>     | <u>6,507.99</u>     | <u>6,458.18</u>     | <u>\$17,403.26</u>  |
| <u>Embroidery</u>                       | <u>303.44</u>       |                     |                     | <u>\$303.44</u>     |
| <u>Franchise Sales</u>                  |                     |                     | <u>3,736.00</u>     | <u>\$3,736.00</u>   |
| <u>Indoor Signs</u>                     | <u>801.68</u>       |                     | <u>1,095.00</u>     | <u>\$1,896.68</u>   |
| <u>Outdoor Signs</u>                    |                     |                     | <u>364.62</u>       | <u>\$364.62</u>     |
| <u>Print</u>                            | <u>2,231.44</u>     | <u>1,207.37</u>     | <u>2,399.30</u>     | <u>\$5,838.11</u>   |
| <u>Promotional</u>                      |                     | <u>77.00</u>        | <u>357.77</u>       | <u>\$434.77</u>     |
| <u>Recruitment</u>                      | <u>4,606.19</u>     | <u>3,718.73</u>     | <u>10,607.65</u>    | <u>\$18,932.57</u>  |
| <u>Social Media</u>                     | <u>308.88</u>       | <u>820.66</u>       | <u>977.56</u>       | <u>\$2,107.10</u>   |
| <u>TC Polo Shirts</u>                   | <u>439.90</u>       |                     |                     | <u>\$439.90</u>     |
| <u>TV</u>                               |                     | <u>8,977.75</u>     | <u>12,909.75</u>    | <u>\$21,887.50</u>  |
| <u>Total Advertising</u>                | <u>13,482.36</u>    | <u>21,399.50</u>    | <u>38,943.96</u>    | <u>\$73,825.82</u>  |
| <u>Auto</u>                             |                     |                     |                     | <u>\$0.00</u>       |
| <u>Gas</u>                              |                     | <u>281.02</u>       | <u>348.87</u>       | <u>\$629.89</u>     |
| <u>Total Auto</u>                       |                     | <u>281.02</u>       | <u>348.87</u>       | <u>\$629.89</u>     |

~~TUTORING CLUB~~ Tutoring Club, LLC  
FINANCIAL STATEMENTS

|                                    | 2019         | 2018         |
|------------------------------------|--------------|--------------|
| Revenue                            | \$ 3,269,573 | \$ 2,816,455 |
| Operating Expenses:                |              |              |
| Advertising                        | 149,094      | 118,573      |
| Amortization                       | 496,304      | 449,255      |
| Bad debt expense                   | -            | 32,893       |
| Conferences                        | -            | 6,036        |
| Depreciation                       | 21,609       | 21,330       |
| Insurance                          | 82,531       | 78,380       |
| Office expense and miscellaneous   | 101,574      | 115,362      |
| Payroll and related costs          | 1,160,426    | 964,689      |
| Professional fees                  | 154,119      | 152,665      |
| Rent                               | 225,296      | 202,712      |
| Supplies                           | 148,461      | 163,505      |
| Taxes and licenses                 | 4,607        | 3,464        |
| Travel, meals and entertainment    | 20,568       | 16,004       |
| Utilities                          | 51,288       | 41,810       |
| Total operating expenses           | 2,615,877    | 2,366,678    |
| Income from Operations             | 653,696      | 449,777      |
| Other Income (Expense):            |              |              |
| Interest expense                   | (223,091)    | (217,919)    |
| Net Income                         | 430,605      | 231,858      |
| Members' Equity, Beginning of Year | 837,899      | 791,041      |
| Member distributions               | (418,000)    | (185,000)    |
| Adoption of accounting standards   | (6,107)      | -            |
| Members' Equity, End of Year       | \$ 844,397   | \$ 837,899   |

Monthly Profit and Loss

January - March, 2023

# Tutoring Club, LLC

|                                             | JAN 2023  | FEB 2023  | MAR 2023  | TOTAL       |
|---------------------------------------------|-----------|-----------|-----------|-------------|
| <u>Background Check</u>                     |           | 20.00     | 20.00     | \$40.00     |
| <u>Bank Charges</u>                         | 27.69     | 3.00      | 232.32    | \$263.01    |
| <u>Credit Card Fee</u>                      | 1,718.83  | 1,261.34  | 850.18    | \$3,830.35  |
| <u>Total Bank Charges</u>                   | 1,746.52  | 1,264.34  | 1,082.50  | \$4,093.36  |
| <u>Brokers Fee</u>                          |           | 24,150.00 | 20,000.00 | \$44,150.00 |
| <u>College Prep Books</u>                   | 6,430.68  | 2,753.95  | 1,130.50  | \$10,315.13 |
| <u>Curriculum Development</u>               | 2,000.00  | 2,000.00  | 4,000.00  | \$8,000.00  |
| <u>Dues &amp; Subscriptions</u>             | 208.86    | 1,499.80  | 267.91    | \$1,976.57  |
| <u>Accounting Software</u>                  | 1,738.65  | 1,808.54  | 1,786.25  | \$5,333.44  |
| <u>Alarm</u>                                | 126.94    | 50.20     | 215.96    | \$393.10    |
| <u>Reporting Software</u>                   | 29.95     |           |           | \$29.95     |
| <u>Software</u>                             | 822.02    | 2,008.81  | 1,047.83  | \$3,878.66  |
| <u>Total Dues &amp; Subscriptions</u>       | 2,926.42  | 5,367.35  | 3,317.95  | \$11,611.72 |
| <u>Insurance</u>                            |           |           |           | \$0.00      |
| <u>Commercial Liability Umbrella Policy</u> |           | 2,485.00  |           | \$2,485.00  |
| <u>Dental Insurance</u>                     | 567.61    | 567.61    | 567.61    | \$1,702.83  |
| <u>Medical Insurance</u>                    | 8,076.50  | 8,066.50  | 8,076.50  | \$24,219.50 |
| <u>Total Insurance</u>                      | 8,644.11  | 11,119.11 | 8,644.11  | \$28,407.33 |
| <u>Interest Paid</u>                        | 6,434.77  | 6,361.91  | 6,043.33  | \$18,840.01 |
| <u>Janitorial</u>                           | 480.00    | 480.00    | 250.00    | \$1,210.00  |
| <u>Legal &amp; Professional Fees</u>        |           | 332.00    | 3,666.72  | \$3,998.72  |
| <u>IT Consultant</u>                        | 340.50    | 258.00    | 402.87    | \$1,001.37  |
| <u>Marketing Director</u>                   | 6,647.61  | 5,618.01  | 5,617.37  | \$17,882.99 |
| <u>Total Legal &amp; Professional Fees</u>  | 6,988.11  | 6,208.01  | 9,686.96  | \$22,883.08 |
| <u>Meals</u>                                | 948.67    | 686.12    | 1,131.55  | \$2,766.34  |
| <u>New Store Equipment</u>                  |           |           |           | \$0.00      |
| <u>Table Legs</u>                           |           |           | 190.31    | \$190.31    |
| <u>U-Shaped Tables</u>                      |           |           | 3,089.54  | \$3,089.54  |
| <u>Total New Store Equipment</u>            |           |           | 3,279.85  | \$3,279.85  |
| <u>Payroll Expenses</u>                     |           | 447.46    | 365.49    | \$812.95    |
| <u>401k Contributions</u>                   | 2,821.52  | 3,591.16  | 3,841.88  | \$10,254.56 |
| <u>Admin Expense</u>                        | 1,147.07  | 2,584.22  | 1,719.18  | \$5,450.47  |
| <u>Admin Taxes</u>                          | 320.59    | 739.87    | 425.17    | \$1,485.63  |
| <u>Corporate Expense</u>                    | 23,454.62 | 23,221.85 | 22,419.39 | \$69,095.86 |
| <u>Corporate Taxes</u>                      | 9,973.25  | 9,344.05  | 8,606.56  | \$27,923.86 |
| <u>Director Expense</u>                     | 4,869.58  | 4,280.78  | 5,160.05  | \$14,310.41 |
| <u>Director Taxes</u>                       | 2,253.41  | 1,816.38  | 2,356.29  | \$6,426.08  |
| <u>Officer Expenses</u>                     | 15,703.55 | 15,703.55 | 15,703.55 | \$47,110.65 |
| <u>Officer Taxes</u>                        | 8,049.50  | 7,573.21  | 7,531.21  | \$23,153.92 |
| <u>Payroll Expenses</u>                     | 252.72    | 174.20    |           | \$426.92    |
| <u>Tutor Expense</u>                        | 4,344.12  | 11,906.95 | 8,638.40  | \$24,889.47 |
| <u>Tutor Taxes</u>                          | 1,050.90  | 2,970.28  | 1,543.99  | \$5,565.17  |

## Monthly Profit and Loss

January - March, 2023



~~TUTORING CLUB~~ Tutoring Club, LUC LLC

|                                  |                         |                        |                         |
|----------------------------------|-------------------------|------------------------|-------------------------|
| Revenue                          | <del>\$ 3,269,573</del> | <del>\$ (48,492)</del> | <del>\$ 3,221,081</del> |
| Operating Expenses:              |                         |                        |                         |
| Advertising                      | 149,094                 | -                      | 149,094                 |
| Amortization                     | 496,304                 | -                      | 496,304                 |
| Depreciation                     | 21,609                  | -                      | 21,609                  |
| Insurance                        | 82,531                  | -                      | 82,531                  |
| Office expense and miscellaneous | 101,574                 | -                      | 101,574                 |
| Payroll and related costs        | 1,160,426               | -                      | 1,160,426               |
| Professional fees                | 154,119                 | -                      | 154,119                 |
| Rent                             | 225,296                 | -                      | 225,296                 |
| Supplies                         | 148,461                 | -                      | 148,461                 |
| Taxes and licenses               | 4,607                   | -                      | 4,607                   |
| Travel, meals and entertainment  | 20,568                  | -                      | 20,568                  |
| Utilities                        | 51,288                  | -                      | 51,288                  |
| Total operating expenses         | <u>2,615,877</u>        | <u>-</u>               | <u>2,615,877</u>        |
| Income from Operations           | 653,696                 | (48,492)               | 605,204                 |
| Other Income (Expense):          |                         |                        |                         |
| Interest expense                 | (223,091)               | -                      | (223,091)               |
| Net Income                       | <u>\$ 430,605</u>       | <u>\$ (48,492)</u>     | <u>\$ 605,204</u>       |

# Tutoring Club, LLC

|                                          | JAN 2023                   | FEB 2023                   | MAR 2023                   | TOTAL                      |
|------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>Workers Compensation</u>              | <u>404.91</u>              | <u>474.14</u>              | <u>500.68</u>              | <u>\$1,379.73</u>          |
| <b><u>Total Payroll Expenses</u></b>     | <b><u>74,645.74</u></b>    | <b><u>84,828.10</u></b>    | <b><u>78,811.84</u></b>    | <b><u>\$238,285.68</u></b> |
| <u>QuickBooks Payments Fees</u>          | <u>266.84</u>              | <u>454.28</u>              | <u>570.02</u>              | <u>\$1,291.14</u>          |
| <u>Rent or Lease</u>                     | <u>10,168.11</u>           | <u>12,068.11</u>           | <u>13,742.83</u>           | <u>\$35,979.05</u>         |
| <u>Repair &amp; Maintenance</u>          | <u>64.62</u>               |                            | <u>3,045.93</u>            | <u>\$3,110.55</u>          |
| <u>Shipping, Freight &amp; Delivery</u>  | <u>250.61</u>              | <u>322.68</u>              | <u>417.93</u>              | <u>\$991.22</u>            |
| <u>Supplies</u>                          | <u>834.76</u>              | <u>730.16</u>              | <u>2,210.98</u>            | <u>\$3,775.90</u>          |
| <u>Chairs</u>                            |                            |                            | <u>756.60</u>              | <u>\$756.60</u>            |
| <u>CPU</u>                               |                            | <u>1,004.74</u>            | <u>867.99</u>              | <u>\$1,872.73</u>          |
| <u>New Store Books</u>                   |                            | <u>7,294.93</u>            | <u>2,945.79</u>            | <u>\$10,240.72</u>         |
| <u>Store Equipment Package</u>           | <u>67.44</u>               | <u>804.53</u>              |                            | <u>\$871.97</u>            |
| <u>Student Store Supplies</u>            | <u>1,148.15</u>            | <u>1,312.32</u>            | <u>620.27</u>              | <u>\$3,080.74</u>          |
| <b><u>Total Supplies</u></b>             | <b><u>2,050.35</u></b>     | <b><u>11,146.68</u></b>    | <b><u>7,401.63</u></b>     | <b><u>\$20,598.66</u></b>  |
| <u>Taxes &amp; Licenses</u>              | <u>220.00</u>              |                            | <u>350.00</u>              | <u>\$570.00</u>            |
| <u>Modified Business Tax</u>             | <u>829.32</u>              |                            |                            | <u>\$829.32</u>            |
| <b><u>Total Taxes &amp; Licenses</u></b> | <b><u>1,049.32</u></b>     |                            | <b><u>350.00</u></b>       | <b><u>\$1,399.32</u></b>   |
| <u>T ravel</u>                           | <u>-305.64</u>             | <u>589.29</u>              | <u>121.47</u>              | <u>\$405.12</u>            |
| <u>Flights</u>                           | <u>140.00</u>              | <u>751.62</u>              | <u>535.40</u>              | <u>\$1,427.02</u>          |
| <u>Flotel</u>                            | <u>1,556.79</u>            | <u>383.46</u>              | <u>1,289.22</u>            | <u>\$3,229.47</u>          |
| <b><u>Total Travel</u></b>               | <b><u>1,391.15</u></b>     | <b><u>1,724.37</u></b>     | <b><u>1,946.09</u></b>     | <b><u>\$5,061.61</u></b>   |
| <u>Utilities</u>                         |                            |                            |                            | <u>\$0.00</u>              |
| <u>Cellphone</u>                         | <u>4,040.26</u>            | <u>905.43</u>              | <u>893.23</u>              | <u>\$5,838.92</u>          |
| <u>Electricity</u>                       | <u>317.67</u>              | <u>357.99</u>              | <u>365.20</u>              | <u>\$1,040.86</u>          |
| <u>Email Flosting</u>                    | <u>1,540.00</u>            | <u>1,551.53</u>            | <u>1,557.89</u>            | <u>\$4,649.42</u>          |
| <u>Gas</u>                               | <u>121.29</u>              | <u>198.22</u>              | <u>214.34</u>              | <u>\$533.85</u>            |
| <u>Internet</u>                          | <u>415.00</u>              | <u>429.50</u>              | <u>560.00</u>              | <u>\$1,404.50</u>          |
| <u>Phone System</u>                      | <u>1,082.96</u>            | <u>1,131.00</u>            | <u>1,180.82</u>            | <u>\$3,394.78</u>          |
| <u>Website Flosting</u>                  | <u>1,321.22</u>            | <u>1,363.98</u>            | <u>3,571.84</u>            | <u>\$6,257.04</u>          |
| <b><u>Total Utilities</u></b>            | <b><u>8,838.40</u></b>     | <b><u>5,937.65</u></b>     | <b><u>8,343.32</u></b>     | <b><u>\$23,119.37</u></b>  |
| <b><u>Total Expenses</u></b>             | <b><u>\$148,806.78</u></b> | <b><u>\$198,573.18</u></b> | <b><u>\$212,509.17</u></b> | <b><u>\$559,889.13</u></b> |
| <b><u>NET OPERATING INCOME</u></b>       | <b><u>\$89,528.14</u></b>  | <b><u>\$91,148.88</u></b>  | <b><u>\$61,947.23</u></b>  | <b><u>\$242,624.25</u></b> |
| <u>Other Income</u>                      |                            |                            |                            |                            |
| <u>Interest Earned</u>                   |                            |                            | <u>0.00</u>                | <u>\$0.00</u>              |
| <b><u>Total Other Income</u></b>         | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       |
| <b><u>NET OTHER INCOME</u></b>           | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       | <b><u>\$0.00</u></b>       |
| <b><u>NET INCOME</u></b>                 | <b><u>\$89,528.14</u></b>  | <b><u>\$91,148.88</u></b>  | <b><u>\$61,947.23</u></b>  | <b><u>\$242,624.25</u></b> |

~~Upon the adoption of Topic 606, the timing and amount of revenue recognized from initial franchise fees changed from upfront recognition under Legacy GAAP to being deferred over the term of the franchise agreement to which the fees relate. Also, under Legacy GAAP, amortization expense and expenses were presented on a net basis. Upon the adoption of Topic 606, these amounts require gross presentation in the statement of income.~~

#### ~~NOTE 10—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS~~

~~In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.~~

~~Management has evaluated subsequent events through April 9, 2020, the date on which the financial statements were available to be issued. No events were identified that required adjustment or disclosure in the financial statements.~~

## SUPPLEMENTARY INFORMATION

### TUTORING CLUB, LUC SCHEDULE I—EBITDA DECEMBER 31, 2019 AND 2018

|                  | 2019         | 2018       |
|------------------|--------------|------------|
| Net income       | \$ 430,605   | \$ 231,858 |
| Interest expense | 223,091      | 217,919    |
| Depreciation     | 21,609       | 21,330     |
| Amortization     | 496,304      | 449,255    |
| EBITDA           | \$ 1,171,609 | \$ 920,362 |

*See accountant's report.*

EXHIBIT E TO THE DISCLOSURE DOCUMENT  
**EXHIBIT E TO DISCLOSURE DOCUMENT**  
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, Tutoring Club, ~~EEC~~ LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Tutoring Club Tutoring Center Club® business. In this Franchisee Disclosure Questionnaire, Tutoring Club, ~~EEC~~ will be referred to as "we" or "us." The purpose of this Questionnaire questionnaire is to determine whether any statements or promises were made to you that we ~~did have not~~ authorize and ~~authorized or~~ that may be untrue, inaccurate or misleading, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest ~~and complete~~ responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

**We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

1. Yes No Have you received and personally reviewed the Tutoring Club, ~~EEC~~ Franchise Agreement and each attachment or exhibit, addendum schedule attached to it that we provided?

Yes No \_\_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes No \_\_\_\_\_

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

2. Yes No Have you received and personally reviewed ~~our disclosure document we provided to you?~~ the Franchise Disclosure

Document and each attachment or exhibit attached to it that we provided?

3. Yes No

Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes No

Yes No \_\_\_\_\_

4. Do you understand all of the information contained in the ~~disclosure document?~~ Franchise Disclosure Document and Franchise Agreement?

5. Yes No Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you

had the opportunity for such review and chosen not to engage such  
professionals?  
TUTORING CLUB, LUC  
FINANCIAL STATEMENTS  
~~Yes No~~  
DECEMBER 31, 2020 AND 2019

If "No", what parts of the disclosure document do you not understand? (Attach additional pages, if necessary.)

~~6.~~ ~~5.~~ Have you discussed Yes No Have you had the opportunity to discuss the benefits and risks of operating a Tutoring Club Tutoring Center with an attorney, accountant or other professional advisor and do you understand those risks?  
Yes No \_\_\_\_\_

If No, do you wish to have more time to do so? Check one: ( ) Yes ( ) No

developing and operating a Tutoring Club® business with an existing Tutoring Club® franchisee?

7. Yes No

Do you understand the risks of developing and operating a Tutoring Club® business?

~~6.~~ Do you understand that 8. Yes No Do you understand the success or failure of your Tutoring Club® business will depend in large part upon your skills and abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition from other businesses, interest rates, the economy, inflation, labor and supply costs, lease terms and other economic and business relevant factors?

9. Yes No Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Nevada, if not resolved informally or by mediation?

~~Yes~~ 10. Yes No Do you understand that the economic and business factors that exist at the time you open your business may change? Check one: ( ) Yes ( ) No you must satisfactorily complete the initial training program before we will allow your Tutoring Club® business to open or consent to a transfer of the Tutoring Club® business to you?

~~7. Has any~~ 11. Yes No Do you agree that no employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Tutoring Club Tutoring Center that we or our franchisees operate? regarding the costs involved in operating a Tutoring Club® business that is not contained in the Franchise Disclosure Document or

Yes No

~~8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Tutoring Club Tutoring Center that is contrary to, or different from, the information contained in the disclosure document~~ Franchise Disclosure Document?

Yes No

12. Yes No Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. ~~9. Has any~~ Yes No Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Tutoring Club® business will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

~~regarding the amount of money you may earn in operating a Tutoring Club Tutoring Center? Yes~~ No

~~10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Tutoring Club Tutoring Center will generate?~~  
Yes No

~~11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Tutoring Club Tutoring Center that is contrary to, or different from, the information contained in the disclosure document?~~  
Yes No

~~12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood~~

of success that you should or might expect to achieve from operating a Tutoring Club Tutoring Center?

Yes \_\_\_ No \_\_\_

## ~~TUTORING CLUB, LUC~~

### ~~FINANCIAL STATEMENTS~~

13. ~~Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the disclosure document?~~

Yes \_\_\_ No \_\_\_

14. ~~Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with disclosure document or the Franchise Agreement, or any attached written addendum signed by you and an officer of ours?~~

Yes \_\_\_ No \_\_\_

15. ~~Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies?~~

Yes \_\_\_ No \_\_\_

~~If your answer is "Yes," have you relied on the statement(s) regarding the financial condition of any of our affiliated companies in deciding whether to purchase a franchise from us? Yes \_\_\_ No \_\_\_~~

14. Yes \_\_\_ No \_\_\_ Do you understand that any training, support, guidance or tools we provide to you as part of the Franchise Agreement, including each

attachment or exhibit to the Franchise Agreement, contains the entire agreement between us and you concerning the Tutoring Club® business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments or exhibits to the Franchise Agreement will not be binding?

~~the franchise are for the purpose of protecting the Tutoring Club brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day to day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Yes \_\_\_\_\_ No \_\_\_\_\_~~

- ~~17. If you have answered "Yes" to any of questions seven (7) through sixteen (16), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.~~

15.      Yes No Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us? we are relying on your answers to this  
questionnaire to ensure that the franchise sale was made in compliance of



TUTORING CLUB, LUC<sup>state and federal laws?</sup>  
FINANCIAL STATEMENTS  
~~Yes No~~  
DECEMBER 31, 2020 AND 2019

19. ~~Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a Tutoring Club business (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws?~~

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

~~Yes No~~ \_\_\_\_\_

~~You understand that your answers are important to us and that we will rely on them.~~

~~By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.~~

20

N  
a  
m  
e

o  
f

F  
r  
a  
n  
c  
h  
i  
s  
e  
e  
/  
A

Signature of Franchise Applicant

p  
p  
l  
i  
c  
a  
n  
t

D  
a  
t  
e  
:

Tutoring Club, LUC  
 Franchise Applicant  
 FINANCIAL STATEMENTS  
 DECEMBER 31, 2020 AND 2019

Name (please print)

Name (please print)

Date

Date

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

| Question Number | Explanation of Negative Response |
|-----------------|----------------------------------|
|                 |                                  |
|                 |                                  |
|                 |                                  |

~~Name and Title of Person Signing~~  
**TUTORING CLUB, LUC**

**LIST OF TUTORING CLUB FRANCHISEES  
AS OF DECEMBER ~~31, 2020~~ 31, 2022**

EXHIBIT F TO THE DISCLOSURE DOCUMENT

## TUTORING CLUB, LUC

|                                |                                  |                                                           |                |                      |           |                                                      |
|--------------------------------|----------------------------------|-----------------------------------------------------------|----------------|----------------------|-----------|------------------------------------------------------|
| Joey                           | Salaga                           | 69 High Ridge Rd.                                         | Stamford       | <del>069056905</del> | CT        | (203) <del>323-323-</del><br>1929                    |
| Eric                           | Levin                            | 4005 Concord Pike                                         | Wilmington     | 19803                | DE        | (302)295-6288                                        |
| <del>Dana</del> <u>Michele</u> | <del>Edmonds</del> <u>Tanner</u> | 10313 San Jose Blvd. Ste 17                               | Jacksonville   | 32257                | FL        | (904) <del>268-268-</del><br>8556                    |
| Kimberly                       | <del>Dees</del> <u>Mullins</u>   | 605 State Rd. 13 Suite 109                                | St. Johns      | 32259                | FL        | (904) <del>230-</del><br><del>2855230-</del> 2855    |
| Ary a                          | Askari                           | 1101 Irving St.                                           | San Francisco  | 94122                | CA        | <del>(415)664-</del><br>2582                         |
| Tammy                          | Olson                            | 2100 Standiford Ave., #A3                                 | Modesto        | 95350                | CA        | (209) <del>524-524-</del><br>8886                    |
| Ramon                          | Palacios                         | 6279 Jarvis Ave.                                          | Newark         | 94560                | CA        | <del>(510)918-</del><br><del>(510)918-</del><br>6288 |
| Anil                           | Rai                              | 9110 Alcosta Blvd. Ste F                                  | San Ramon      | 94583                | CA        | (925) <del>248-248-</del><br>8867                    |
| Randy                          | Klien                            | 221 Mt. <del>Flermon</del> <u>Elmeron</u><br>Rd. Suite D  | Scotts Valley  | 95066                | CA        | <del>(831)439-</del> (831)<br>439- 8886              |
| Jerry                          | Clark                            | 27530 New Hall Ranch Rd.<br>#105                          | Valencia       | 91355                | CA        | <del>(661)260-</del><br><del>(661)260-</del><br>2582 |
| Steve                          | Smith                            | 1485 Mam St.                                              | Watsonville    | 95076                | CA        | <del>(831)722-</del> (831)<br>722- 8886              |
| Adrian                         | Cruz                             | 10899 Los Alamitos Blvd.                                  | Los Alamitos   | 90720                | CA        | (562) <del>449-449-</del><br>0100                    |
| Peter/Cindy                    | Jackson                          | 488 E. 17* St., #A<br><del>102A</del> <u>102</u>          | Costa Mesa     | 92627                | CA        | <del>(949)233-</del><br><del>(949)233-</del><br>5749 |
| Reshma                         | Tabassum                         | 13350 Camino Del Sur,<br>#B                               | San Diego      | 92129                | CA        | (858) <del>780-780-</del><br>0288                    |
| Tony                           | Cramer                           | 4750 West 120th Ave.<br>Ste 300                           | Westminster    | 80020                | CO        | <del>(303)410-</del><br><del>(303)410-</del><br>8440 |
| Caitlin                        | Grabarek                         | 2170 W Drake Rd Suite B1                                  | Fort Collins   | 80526                | CO        | (970) <del>712-</del><br><del>5000712-</del> 5000    |
| Eva                            | Lam                              | 13202 Poway Rd.                                           | Poway          | 92064                | CA        | (858) <del>748-748-</del><br>8867                    |
| Jef                            | Lapierre                         | 13601 W McMillan Rd #108                                  | Boise          | 83713                | ID        | (208) <del>297-297-</del><br>5404                    |
| Ryan                           | Atchley                          | 9423 N <del>Fort</del> <u>NFort</u><br>Washington Rd #106 | Fresno         | 93720                | CA        | <del>(559)312-</del><br><del>(559)312-</del><br>2953 |
| Jessica                        | Russel                           | 6710 NHualapai Way Suite<br>145                           | Las Vegas      | 89149                | NV        | (702) <del>505-</del><br><del>702)505-</del> 8282    |
| Collin                         | Hite                             | 2423 Colony Crossing PI                                   | Midlothian     | 23112                | VA        | (804) <del>220-</del><br><del>6777220-</del> 6777    |
| <u>Vaishali</u>                | <u>Bhakta</u>                    |                                                           | <u>Houston</u> | <u>77459</u>         | <u>TX</u> |                                                      |

| <u>FIRST NAME</u>   | <u>LAST NAME</u>    | <u>BUSINESS STREET</u>                  | <u>BUSINESS CITY</u> | <u>ZIP CODE</u> | <u>STATE</u> | <u>PHONE NUMBER</u>    |
|---------------------|---------------------|-----------------------------------------|----------------------|-----------------|--------------|------------------------|
|                     |                     | 6206 Hwy 6, Missouri City               |                      |                 |              | (281)232-7431          |
| <u>LeGay/David</u>  | <u>Nakamura</u>     | <u>1721 Spring Green Blvd Ste. 300,</u> | <u>Katy</u>          | <u>77494</u>    | <u>TX</u>    | <u>(346) 980- 4545</u> |
| <u>Angela</u>       | <u>Coming</u>       | <u>1057 S Mam Ave Suite C</u>           | <u>F allbrook</u>    | <u>92028</u>    | <u>CA</u>    | <u>(760) 244- 4997</u> |
| <u>Tom</u>          | <u>Krc</u>          | <u>1703 Yale St</u>                     | <u>Houston</u>       | <u>77008</u>    | <u>TX</u>    | <u>(713)352-3111</u>   |
| <u>Kelly</u>        | <u>Olsen-Guyant</u> | <u>400 S Randall Rd Suite 1</u>         | <u>Elgin</u>         | <u>60123</u>    | <u>IL</u>    | <u>(847) 737- 5848</u> |
| <u>Veronica</u>     | <u>Hunter</u>       | <u>220 Dogwood Blvd</u>                 | <u>Flowood</u>       | <u>39232</u>    | <u>MS</u>    | <u>(601)921-0522</u>   |
| <u>Stacey/Clint</u> | <u>Kirschenmann</u> | <u>1389 E 15th St Suite 124</u>         | <u>Edmond</u>        | <u>73013</u>    | <u>OK</u>    | <u>(405)421-9361</u>   |

| TUTORING CLUB U AS OF |              | NO OPENED CENTERS    |
|-----------------------|--------------|----------------------|
| DECEMBER 31, 2020     |              | 2022                 |
| FIRST NAME            | LAST NAME    | COMPANY CITY / STATE |
| Terry                 | Bunk         | CA-E1 Dorado Hills   |
| Anil                  | Pattanik     | IL- North Naperville |
| David                 | Hill         | CA-Irvine            |
| Arya                  | Askari       | CA-San Bruno         |
| Cindy                 | Jackson      | CA-San Clemente      |
| Ryan                  | Atchley      | CA - Visalia         |
| Chemus                | Jan and Jack | OR - Portland        |

## LIST OF FORMER FRANCHISEES

### EXHIBIT G TO THE DISCLOSURE DOCUMENT

| FIRST NAME | LAST NAME | CITY / STATE    | PHONE NUMBER |
|------------|-----------|-----------------|--------------|
| Tracy      | Stayskal  | Nolensville, TN | Unknown      |

None.

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

**TUTORING CLUB, LUC**

**STATE ADDENDA**

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**



**STATE ADDENDA**

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

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [dfpi.ca.gov](http://dfpi.ca.gov).

3. Item 17 of the disclosure document is amended to add the following:

- The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. No franchise may be terminated except for good cause, and you must be given a notice of default and a reasonable opportunity to cure the defects, except for certain defects as specified in the statute in which no opportunity to cure is required by law.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- The Franchise Agreement requires Franchisee to sign a general release as a condition of transfer. This general release shall exclude claims arising under California law.
- The Franchise Agreement contains a covenant not to compete which extends beyond the term of the agreement. This provision might 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.

3. Neither we nor any person identified in Item 2 of this disclosure document are subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such any of these persons from membership in such the association or exchange.

4. The Franchise Agreement requires binding arbitration. The arbitration will occur in the city in which we then have our principal place of business with the costs being borne by the unsuccessful party. 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.

5. Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of California Franchise Relations Act is void to the extent that such the provision violates such this law.

6. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of ~~Financial Protection and Innovation~~

Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

7. The URL address of our web site is [www.tutoringclub.com](http://www.tutoringclub.com). We also operate a Facebook page under the name Tutoring Club, LLC. OUR WEB SITE AND FACEBOOK PAGE HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~FINANCIAL PROTECTION AND INNOVATION~~ BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [dfpi.ca.gov](http://dfpi.ca.gov).

8. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

9. Item 6 of the disclosure document is amended to state that the maximum interest rate in California is 10%.

10. The following is added to the state cover page:

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A WAIVER OF JURY TRIAL.

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

12. Due to our financial condition, the California Department of Financial Protection and Innovation has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

#### **FOR THE STATE OF CONNECTICUT:**

The following statement is added to the cover page of the Franchise Disclosure Document:

**The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

The following statement is added to Item 3 of the Franchise Disclosure Document:

There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

#### **FOR THE STATE OF HAWAII**

The Receipt Pages are amended to add the following:

TUTORING CLUB, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

- THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
- THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
  - THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

#### FOR THE STATE OF ILLINOIS

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

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act states that any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides of the Illinois Franchise Disclosure Act provides that 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.

#### FOR THE STATE OF INDIANA

1. Item 8 of the disclosure document is amended to add the following:

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

2.

~~2.~~Item 17 of the disclosure document is amended to add the following:

- Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
- Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
- Item 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
- Item 17(u) is amended to provide that arbitration between a Franchisee and Franchisor will be conducted in Indiana or a site mutually agreed upon.
- Item 17(v) is amended to provide that Franchisees will be permitted to begin litigation in Indiana for any cause of action under Indiana law.
- Item 17(w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

#### **FOR THE STATE OF MARYLAND**

Item 17 of the disclosure document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
- Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- The Franchise Disclosure Questionnaire requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- The 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.).

#### **FOR THE STATE OF MICHIGAN**

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE

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

2. The failure of the proposed transferee to meet the Franchisor's then-current reasonable qualifications or standards.

3. ~~3.~~ The fact that the proposed transferee is a competitor of the Franchisor or Sub

franchisor.

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

5. The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

- A provision that requires the Franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in subdivision (C).
- A provision which permits the Franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless a provision has been made for providing the required contractual services.

6. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than \$ 100,000 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer  
Protection Division Attention:  
Franchise Bureau 670 Law  
Building Lansing, MI 48913  
(517) 373-3800

**FOR THE STATE OF MINNESOTA:**

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

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

Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and Our System standards. Notwithstanding anything to the contrary in the Franchise Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and Tutoring Club's System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, Paragraphs 4.2(c) and 21.4(h) of the Franchise Agreement, which requires you to sign a general release prior to renewing or transferring your franchise, are hereby deleted from the Franchise Agreement.

7. The following language will appear as Paragraph 16.7 of the Franchise Agreement:

~~16.7~~16.7 No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, Section 16 of this Agreement will not in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

9. Minnesota Statute Section 80C. 17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

10. Minnesota Statute Section 603.113 limits the amount of fees that can be charged for insufficient funds to \$30. Section 8.6 of the Franchise Agreement is amended accordingly.

**ADDENDUM TO TUTORING CUUB, EEC**  
**DISCUOSURE DOCUMENT FOR THE STATE OF NEW YORK**

1. All references made herein to a “disclosure document” shall be replaced with the term “Offering Prospectus” as used under New York law.
2. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABUE. CAFE THE STATE ADMINISTRATORS FISTED IN EXHIBIT A OR YOUR PUBUIC UIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCUOSURE DOCUMENT. IF YOU UEARN THAT ANYTHING IN THIS FRANCHISE DISCUOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAU TRADE COMMISSION AND THE APPROPRIATE STATE OR PRO VINCI AU AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCUOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIU UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE UESS FAVORABUE THAN THOSE SET FORTH IN THIS FRANCHISE DISCUOSURE DOCUMENT.**

- ~~3. The FDD Cover Page is amended as follows:~~

~~REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCUOSURE DOCUMENT. IF YOU UEARN THAT ANYTHING IN THIS FRANCHISE DISCUOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAU TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF UAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332.~~

~~THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCUOSURE DOCUMENT AND FRANCHISE AGREEMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIU UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE UESS FAVORABUE THAN THOSE SET FORTH IN THIS FRANCHISE DISCUOSURE DOCUMENT OR THE FRANCHISE AGREEMENT.~~

- ~~3.~~ 4. 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 a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

5. ~~Item 4 is amended to state that:~~

~~Neither the Franchisor, nor any predecessor, officer or general partner of the franchisor has, during the fifteen (15) year period immediately preceding the date of the disclosure document, has been adjudged bankrupt or reorganized due to insolvency, or was a principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one (1) year after the period that such officer or general partner of the franchisor held such position in such company or partnership, and no such bankruptcy or reorganization proceeding has been commenced.~~

6. ~~Item 5 of the disclosure document is amended to add the following:~~

~~The Franchise Fee will be used to defray Franchisor's costs in obtaining and screening Franchisees, providing training, training materials and assisting in opening the Franchised Business for business.~~

7. ~~The following is added to Item 15:~~

~~If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Guaranty and Assumption of Obligations assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement. The required Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Schedule D.~~

4. ~~8-~~Item 17 of the disclosure document is amended to add the following:

No general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims arising under the General Business Law of the State of New York, Article 3, Sections 687.4 and 687.5.

5. ~~9-~~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.

[Signature Page Follows]

6.     ~~10.~~ 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.

- ~~11.~~     ~~Item 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is able to assume Franchisor’s obligations under the Franchise Agreement.~~

~~Item 17(w) is amended to state that New York law governs any cause of action which arises under the General Business Law of the State of New York, Article 33, Section 680–695.~~

7.     ~~12.~~ 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

8.     ~~13.~~ The Franchisor represents that this disclosure document does not knowingly omit anything or contain any untrue statements of a material fact.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_ .

ATTEST TUTORING CLUB, EEC

\_\_\_\_\_ By: \_\_\_\_\_  
Witness Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Franchisee:

Witness:

## **FOR THE STATE OF NORTH DAKOTA**

1. Item 5 of the disclosure document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51 -19-17. If Franchisor elects to cancel this Franchise Agreement, Franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 17 of the disclosure document is amended to add the following:

- No general release shall be required as a condition of renewal and/or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law.
- Item 17(i) is amended to state covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law. Item 17(i) is further amended to delete any requirement that a franchisee consent to termination or liquidated damages.
- Item 17(u) is amended to state that arbitration will occur at a mutually-agreeable location.
- Item 17(v) is amended to state a provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under the North Dakota Franchise Investment Law.
- Item 17(w) is amended to state that if there is a conflict of laws, the North Dakota Franchise Investment Law will control.

## **FOR THE STATE OF RHODE ISLAND**

Item 17 of the disclosure document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-1 through 34 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 the Rhode Island Franchise Investment Act.
- Any release as a condition of renewal or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

## **FOR THE STATE OF SOUTH DAKOTA**

Item 17 of the disclosure document is amended by the addition of the following language:

- Every contract in which the amount of damage or compensation for breach of

an obligation is determined in anticipation thereof is void to that extent, except the parties may agree therein upon an amount presumed to be the damage for breach in cases where it would be impracticable or extremely difficult to fix actual damage. SDCL 539-5.

- Item 17(s) is amended to provide that contracts in restraint of trade that take effect upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota as set forth in SDCL 53- 9-8, 53-9-9, 53-9-10 and 53-9-11.
- Item 17(w) is amended to state that law regarding franchise registration and contracts in restraint of trade will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the State of Nevada.
- Item 17(v) shall be void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

#### **FOR THE STATE OF WASHINGTON**

Item 17 of the disclosure document is amended to add the following:

- If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- A release or waiver of rights executed by a Franchisee will not include rights ~~under the underfire~~ Washington Franchise Investment Protection Act.
- Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
- Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Despite anything to the contrary in the Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Washington.

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those

which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as the right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent they reflect the franchisor's reasonable estimated or actual cost in effecting a transfer.

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

**FOR THE STATE OF WISCONSIN**

Item 17 of the disclosure document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this document as of the Effective Date of the Franchise Agreement between the parties.

**FRANCHISEE:**

Entity name (if any): \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISOR:**

Tutoring Club, EEC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**TUTORING CLUB, LUC**

**GENERAL RELEASE FORM**

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

Franchisee's name(s): Franchisee's  
address:

Franchisee's Tutoring Club location: 1. Franchisee is a current, former or future franchisee of Tutoring Club, EEC. This general release is given in consideration of (initial applicable one):

\_\_\_\_\_ Tutoring Club, EEC's consent to the transfer of the relevant franchise rights for the Tutoring Center to Franchisee; or

\_\_\_\_\_ Tutoring Club, EEC's consent to the transfer of the relevant franchise rights for the Tutoring Center by Franchisee; or

\_\_\_\_\_ Tutoring Club, EEC's consent to the termination of the relevant Franchise Agreement between the parties; or

\_\_\_\_\_ Tutoring Club, EEC's consent to the renewal of the relevant franchise rights for the Tutoring Center by Franchisee.

2. Franchisee, on behalf of Franchisee and all successors, representatives, assigns and agents of Franchisee, hereby release and forever discharge Tutoring Club, EEC and its successors, assigns, representatives, agents, officers, directors, shareholders, affiliates and employees, whether past or present, of and from any claims, controversies, debts, rights, liabilities, disputes, demands, obligations, costs, expenses, actions, and causes of action of any nature, character or description, known or unknown, vested or contingent, which Franchisee and all successors, representatives, assigns and agents of Franchisee now own or hold or have at any previous time owned or held, or may at any future time own or hold, arising through the date of this General Release. Without limitation, the release and discharge provided in this paragraph forever forecloses Franchisee from raising such matters by way of complaint, affirmative defense, counterclaim, cross-action, setoff or recoupment.

3. By executing this General Release, Franchisee, on behalf of Franchisee and all successors, representatives, assigns and agents of Franchisee, represent and warrant that no third party has or claims any interest in any claim released by this General Release.

4. Franchisee acknowledges that this General Release has the effect of releasing any and all rights granted to Franchisee as the franchisee under the terms of the Tutoring Club Franchise Agreement relating to the Tutoring Club location described above.

5. Franchisee agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Tutoring Club Franchise Agreement relating to the Tutoring Club location described above.

IN WITNESS WHEREOF this General Release is executed on \_\_\_\_\_, 201\_\_\_\_.  
FRANCHISEE:

By:



Printed Name:

By:

Printed Name:

TUTORING CLUB, LUC  
EXHIBIT J TO DISCLOSURE DOCUMENT  
FRANCHISE RELATIONSHIP ACKNOWLEDGMENT

## FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT

Welcome to the Tutoring Club® team. Because you are becoming a part of the Tutoring Club® franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by \_\_\_\_\_ (Legal Name of Franchisee) (“Franchisee”), which is an independent franchise owner in the Tutoring Club® franchise system (which we call the “System”). Although Franchisee looks the same, has the same name, and is operated the same way as other tutoring centers in the System, Franchisee is not part of the same company as those other tutoring centers in the System. Tutoring Club, LLC is a completely separate company that owns the name and created the System. Tutoring Club, LLC has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise companies look and operate the same way as one another. This way, Tutoring Club, LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Tutoring Club® tutoring center.

It is important that you understand that Franchisee is your only employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. Tutoring Club, LLC is not your employer. If Tutoring Club, LLC representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all customers of Tutoring Club® is the same at your place of work as it is at other tutoring centers in the Tutoring Club® system. The fact that you are trained, or given direction or advice, by Tutoring Club, LLC representatives does not somehow mean that Tutoring Club, LLC is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED,

DATE:

=

**TUTORING CLUB, LUC  
EXHIBIT K TO DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES AND FRANCHISE DISCLOSURE DOCUMENT RECEIPTS**

## STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| <b>State</b> | <b>Effective Date</b> |
|--------------|-----------------------|
| California   |                       |
| Hawaii       |                       |
| Illinois     |                       |
| Indiana      |                       |
| Maryland     |                       |
| Michigan     |                       |
| Minnesota    |                       |
| New York     |                       |
| North Dakota |                       |
| Rhode Island |                       |
| South Dakota |                       |
| Virginia     |                       |
| Washington   |                       |
| Wisconsin    |                       |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller- assisted marketing plans.

## RECEIPT

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

If Tutoring Club, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Tutoring Club, LLC must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Tutoring Club, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tutoring Club, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in *Exhibit A*. See Exhibit A for our registered agents authorized to receive service of process.

Issuance date: ~~June 29, 2021~~ April 12, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise: David Hill, Daniel Pinkney, and Liam Powers, 11241 S. Eastern Avenue, Henderson, NV 89052, phone (888) 674-6425. We insert the name, phone number and address of any other franchise seller below (we attach additional pages if necessary):

I have received a Franchise Disclosure Document dated as of ~~June 29, 2021~~ April 12, 2023, and an effective date as shown on the State Effective Dates page. This disclosure document included the following Exhibits:

- A. List Of State Agents For Service Of Process And State Administrators
- B. Franchise Agreements
- C. Table Of Contents Of Operations Manual
- D. Financial Statements
- E. Franchisee Disclosure Questionnaire
- F. List Of Tutoring Club Franchisees
- G. List of Former Franchisees
- H. State Addenda
- I. General Release Form
- J. Franchise Relationship Acknowledgement
- K. Receipts

Date: \_\_\_\_\_ Prospective Franchisee:  
(do not leave blank) Printed Name: \_\_\_\_\_

Please sign both copies of the receipt and date your signature. Please retain one copy for your records and return the other copy to ~~David Hill~~ Liam Powers, 11241 S. Eastern Avenue, Henderson, NV 89052, email: ~~dhilpa@tutoringclub.com~~ lpowers@tutoringclub.com.

## RECEIPT

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

If Tutoring Club, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Tutoring Club, LLC must provide this disclosure document to you at the earlier of your 1st personal meeting to discuss the franchise or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires Tutoring Club, LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tutoring Club, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in *Exhibit A*. See Exhibit A for our registered agents authorized to receive service of process.

Issuance date: ~~June 29~~ April 12, 2021 2023

The name, principal business address and telephone number of each franchise seller offering the franchise: David Hill, Daniel Pinkney, and Liam Powers, 11241 S. Eastern Avenue, Henderson, NV 89052, phone (888) 674-6425. We insert the name, phone number and address of any other franchise seller below (we attach additional pages if necessary):

I have received a Franchise Disclosure Document dated of ~~June 29~~ April 12, 2021 2023, and an effective date as shown on the State Effective Dates page. This disclosure document included the following Exhibits:

- A. List Of State Agents For Service Of Process And State Administrators
- B. Franchise Agreements
- C. Table Of Contents Of Operations Manual
- D. Financial Statements
- E. Franchisee Disclosure Questionnaire
- F. List Of Tutoring Club Franchisees
- G. List of Former Franchisees
- H. State Addenda
- I. ~~E~~ General Release Form
- J. ~~F~~ Franchise Relationship Acknowledgement
- K. ~~K~~ Receipts

Date: \_\_\_\_\_ Prospective Franchisee: \_\_\_\_\_  
(do not leave blank) Printed Name: \_\_\_\_\_

Please sign both copies of the receipt and date your signature. Please retain one copy for your records and return the other copy to ~~David Hill~~ Liam Powers, 11241 S. Eastern Avenue, Henderson, NV 89052, email: ~~dhilpa@tutoringclub.com~~ lpowers@tutoringclub.com.