FRANCHISE DISCLOSURE DOCUMENT

Village East Gifted Franchise Inc
a New York corporation
12 Doti Court
Huntington, New York 11743
Telephone: (631)549-2313
www.villageeastgifted.com
info@villageeastgifted.com

This franchise is for the operation of a business under the name and mark "Village East Gifted" that offers highly creative, academically rigorous curriculum in all academic subjects for gifted students ages 4 to 16.

The total investment necessary to begin operation of a Village East Gifted basic franchise is $121,438 to $160,103. This includes $24,900 that must be paid to the franchisor and/or its affiliate, as appropriate. The total investment necessary to begin operation of a Village East Gifted enhanced franchise is $125,638 to $168,436. This includes $24,900 that must be paid to the franchisor and/or its affiliate, as appropriate. The total investment necessary to begin operation of a Village East Gifted Franchise Located In-School (Private) with Private School as Franchisee is $33,459 to $41,650. This includes $19,900 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Village East Gifted Franchise Located In-School (Private) with a small office off grounds for Franchisee is $37,900 to $41,650. This includes $19,900 that must be paid to the franchisor and/or its affiliate. The total investment necessary to operate a Village East Gifted Virtual Franchise is $41,804 to $67,329. This includes $19,000 that must be paid to the franchisor and/or its affiliate.

If you enter into a Multi-Unit Development Agreement to develop between three and five franchises, you will pay a development fee equal to 100% of the initial franchise fee for the first franchise to be developed plus a deposit of 50% of the initial franchise fee multiplied by the number of additional franchises you will develop. The estimated total initial investment under a Multi-Unit Development Agreement for three Village East Gifted franchises is $146,338 to $209,903. This includes between $49,800 and $74,700 that must be paid to the franchisor and/or its affiliate, as appropriate. The total investment under a Multi-Unit Development Agreement will vary depending on the number of franchises to be developed.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tobi Phillips at 12 Doti Court, Huntington, New York 11743 or (631)549-2313.

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, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 25, 2022

How to Use this Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use 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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

Special Risks to Consider About *This* Franchise

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

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

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

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

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

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS:

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

The Franchisor

Village East Gifted Franchise Inc (“we”, “our” or “us”), is a New York corporation that was formed on March 18, 2019, and has its principal place of business at 12 Doti Court, Huntington, New York 11743. We do business under our corporate name and under the proprietary mark “Village East Gifted.” We will refer to the person who buys this franchise as “you” or “your” throughout this Disclosure Document. If the franchise purchaser is a business entity, “you” or “your” also includes each partner, shareholder and/or other owner of that entity.

We do not own or operate a business of the type being franchised. We have never offered franchises in this or any other line of business. Other than offering franchises for Village East Gifted Businesses, we do not have any other business activities. We began selling franchises as of the date this Disclosure Document is first registered in the State of New York. Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We have no corporate parent or predecessor. Our first affiliate is Village East Gifted Inc., a New York corporation formed on March 28, 2007 and headquartered at our address (“Affiliate”). Our Affiliate owns and operates two businesses of the type being franchised. The first is located at 216 Mineola Avenue, Roslyn Heights, New York, which opened in August 2014. The second is located at 12 Doti Court, Huntington, New York 11743, which opened in September 2013. From November 2007 to September 2013, our affiliate provided home based private curriculum enhancement services, from an office in Huntington, New York. Our Affiliate has never offered franchises in this or any other line of business and is not an approved supplier for our franchisees.

The Franchise Offered

We are offering franchises for the operation of a learning center under the name and mark “Village East Gifted” that offers highly creative, academically rigorous curriculum in all academic subjects for gifted students ages 4 to 16. Village East Gifted businesses offer weekly classes (ages 4 to 5), after school programs (grades K through 10) and on the weekends (grades 2 to 10) between September and June; and Summer STREAM (Science, Technology, Research, Engineering, Art, Mathematics) Workshops during the day and evenings in June, July and August. Village East Gifted businesses also offer private instruction on an hourly basis (the “Business” or “Franchised Business”).

We offer four Franchise options:

1. Basic Franchise: two classrooms, reception area, bathroom, kitchenette, and small office.
2. Enhanced Franchise: has the basic franchise items plus a snack area, science lab/classroom, library, fish tank and indoor treehouse.
3. In-School Franchise: located in private schools with the school as franchisee uses an existing classroom as well as maintains a small office of approximately 500 square feet off school grounds.
4. Virtual Franchise: the franchise is conducted via Zoom implementing the same trademarked curriculum.

A basic franchise is approximately 1,100 square feet and has two classrooms, reception area, bathroom, kitchenette, and small office. An enhanced franchise is approximately 2,000 square feet. It has the same items as a basic franchise, plus a snack area, science lab, library, fish tank in the reception area, and indoor treehouse. The in-school franchise is either located in private schools with the school as franchisee using existing facilities or the franchisee uses in an existing classroom as well as maintaining approximately 500 square feet off school grounds.

Our system includes distinctive signage, interior and exterior design, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of purchase and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion (the "System"). The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "Village East Gifted", as are now designated and may in the future be designated by us in writing for use with the System (the "Marks" or "Proprietary Marks"). The Proprietary Marks are owned by our Affiliate which has licensed them to us so that we may sub-license them to our franchisees.

Franchise Agreement

Under the terms and conditions of the Franchise Agreement, attached as Exhibit C to this Disclosure Document, we offer a franchise grant for a single Franchised Business. The Franchise Agreement gives you the right to use the Proprietary Marks and the System solely with the operation of the Franchised Business, and only from the premises of the Franchised Business. A Franchised Business will need between 1,100 and 2,000 square feet of space, depending on whether it is a basic or enhanced franchise, and is usually located in shopping center, strip mall, industrial park or free-standing locations. A Franchised Business with the school as franchisee and is either located in private schools with the school as franchisee using existing facilities or the franchisee uses in an existing classroom as well as maintaining approximately 500 square feet off school grounds.

Multi-Unit Development Agreement

If you meet our net worth, operational experience and other requirements for Multi-Unit Developers, you may enter into a Multi-Unit Development Agreement ("Multi-Unit Development Agreement") for the development of at least three Village East Gifted Businesses in a designated geographical area known as a "Development Area." Under the Multi-Unit Development Agreement, attached as Exhibit D to this Disclosure Document, you must develop an agreed upon number of Franchised Businesses in the Development Area within a specified time period. You or your controlled affiliates must own and operate each Franchised Business you develop, and each Franchised Business is operated under its own Franchise Agreement.

The Franchise Agreement for the first Business developed under the Multi-Unit Development Agreement will be in the form attached as Exhibit C to this Disclosure Document. For each additional Business developed under the Multi-Unit Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees. The size of the Development Area will vary depending upon local market conditions and the number of Businesses to be developed (see Item 12).

Market and Competition

Your customers include primarily the parents of children aged 4 to 16 who are intellectually gifted. The market for businesses offering educational programs for gifted children is developing and it is not seasonal. You will compete with independently owned learning centers, tutoring services, and private tutors, some of which may be a franchise system. We believe that our System and the products, services and programs offered by Village East Gifted Businesses provides us with a competitive advantage over other learning centers.

Industry Specific Laws

You must comply with any federal, state or local licensing or regulatory requirements that may apply to your Business, and you must comply with all applicable federal, state or local laws related to the Business. You should seek counsel or contact your state and local agencies for detailed information about applicable laws and regulations. There may be other laws of general applicability that could impact your operation.

You must comply with all local, state, and federal laws and regulations that apply to your Business, including health, sanitation, insurance, discrimination, employment, and sexual harassment laws. Some states regulate businesses by health and safety statutes with which you must comply. State and federal health regulations as well as other state and local specific safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available or offer to your employees. These can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

A Master's Degree in Education and an age-appropriate state teaching certification is required of all teachers on staff. You must also maintain any required licenses and certificates for the duration of your Franchise Agreement.

Various states and localities have enacted laws and regulations that may affect businesses offering supplemental education services. For example, if your learning center Business is deemed by state or local agencies to be a "school," the jurisdiction may require the teachers, instructors or the Business to be licensed or certified by a state or local agency regulating education. Government classification of your Franchised Business as a school may include requirements such as separate restroom facilities for boys and girls, drinking water fountains and special exit doors equipped with panic bars.

You and all of your employees must pass a strict background check, including checks for past criminal activity, and particularly for crimes against children. If you do not pass our strict background check, you will not be offered a franchise. You may not employ anyone who does not pass our strict background check requirements. Your Administrator and all of your instructors must be properly licensed, as required by applicable state law, and must take any courses or continuing education programs required to maintain the licenses.

As described in Item 14, you and all of your employees must sign binding non-competition agreements that will prohibit you or your employees from participating in a competing business for two years after the Franchise Agreement ends or the employee is no longer employed with you, as applicable.

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Founder – Tobi J. Phillips, Ed. D. (Cert)

Ms. Phillips has been our Founder since our inception in March 2019 and has been Founder and Headmaster of our Affiliate in Huntington Station and Roslyn, New York, since its inception in March 2007.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee of $24,900 for the right to establish a single Village East Gifted Business, whether it is a basic Business or enhanced Business. The initial franchise fee is payable in a lump sum when you sign the Franchise Agreement, is fully earned upon receipt, and is not refundable.

You must pay us an initial franchise fee of $19,900 for the right to establish a single Village East Gifted Business, for any In School Franchised business. The initial franchise fee is payable in a lump sum when you sign the Franchise Agreement, is fully earned upon receipt, and is not refundable.

You must pay us an initial franchise fee of $19,000 for the right to establish a single Village East Gifted Virtual Business. The initial franchise fee is payable in a lump sum when you sign the Franchise Agreement, is fully earned upon receipt, and is not refundable.

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement, you must commit to develop between three and five Franchised Businesses within your Development Area. The total number of Franchised Businesses to be developed will be determined between us and you, and will depend on the size of the Development Area and your financial status.

When you sign the Multi-Unit Development Agreement, you must pay us a development fee that is equal to 100% of the initial franchise fee for the first Franchised Business to be developed ($24,900), plus a deposit of 50% of the initial franchise fee ($12,450) for each additional Franchised Business to be developed. For example, if you commit to develop three Franchised Businesses, the development fee is calculated as $24,900 + (2 x $12,450 = $24,900) = $49,800.

You will sign the Franchise Agreement for your first Business at the same time you sign the Multi-Unit Development Agreement, and a portion of the development fee ($24,900) will be applied to pay the initial franchise fee in full for the first Franchised Business. For each additional Business to be developed after the first one, we will apply a pro rata portion of the development fee toward the initial franchise fee due for that Business, and the balance of the initial franchise fee ($12,450) is payable in a lump sum when you sign the Franchise Agreement for that Business. You may not open your Franchised Business until you have signed a Franchise Agreement for that Franchised Business and you have completed all other pre-opening obligations, including payment of the balance of the initial franchise fee.

The development fee is paid in a lump sum when you sign the Multi-Unit Development Agreement and is not refundable under any circumstances. The calculation of the development fee is imposed uniformly on all Multi-Unit Developers under this Disclosure Document, although different Multi-Unit Developers will pay different development fees.

There are no other payments to or purchases from us or any affiliate that you must make before your Franchised Business opens.

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Due Date	Remarks
Royalty	8.5% of Gross Sales	The 10th day of each month (or the next business day, if the 10th of any month is not a business day)	See Note 2. Payable to electronic funds transfer, or another method we designate
Brand Development Fee	1% of Gross Sales	Payable at the same time and in the same manner as the Royalty Fee	We will provide you with 30 days' advance written notice that the Brand Development Fund has been established and you must begin contributing to it. The Brand Development Fund is described in more detail in Item 11
Local Advertising	$2,000 per month or 1.5% of Gross Sales, whichever is greater	Must be spent monthly	Payable to your local advertising vendors. You may not use any advertising or promotional materials unless they have been approved by us
Cooperative Advertising	As determined by the members	As determined by the members	Advertising cooperatives are described in Item 11. Payable to the cooperative. See Note 3

Name of Fee (1)	Amount	Due Date	Remarks
Additional Training Fee	$250 per person per day (plus your trainees' expenses) if training is at our location, or $250 per person per day (plus hotel, air fare, and other expenses incurred by our trainer) if training is at your location	15 days after billing	We may charge you for training newly hired personnel; for refresher training courses; and for additional or special assistance or training you need or request. For all training sessions, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging, and meal expenses
National Franchise Convention/Sales Meeting Fee	$500 per person, plus applicable expenses	Before convention	This fee is payable for each person from your Franchised Business attending a franchisee convention/sales meeting. We may specify that attendance at a convention/sales meeting is mandatory for you and/or your administrator.
Management Fee	$250 per person per day (plus other costs and expenses)	On demand, if incurred	We have the right to step in and temporarily operate your Business in certain circumstances, including your death, disability or prolonged absence. If we do this, you must pay our management fee and reimburse our representative's expenses, including travel, lodging and meals. This fee is in addition to the royalty fee, brand development fee and other continuing fees payable to us
Transfer Fee (Franchise Agreement)	50% of our then-current initial franchise fee, but not less than $12,450	Payable with your request for our approval of the transfer	We must approve all transfers. We do not charge a transfer fee for a one time transfer from an individual to a corporate entity for convenience of owning the franchise
Transfer Fee (Multi-Unit Development Agreement)	50% of our then-current initial franchise fee, but not less than $12,450	Payable with your request for our approval of the transfer	We must approve all transfers. We do not charge a transfer fee for a one time transfer from an individual to a corporate entity for convenience of owning the franchise
Renewal Fee	None		

Name of Fee (1)	Amount	Due Date	Remarks
Insufficient Funds Fee	$75	On demand	Payable if there are insufficient funds in your bank account. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement
Interest on Overdue Amounts	1.5% per month or the highest legal rate, whichever is less	On demand	Payable on all overdue amounts owed to us. Interest accrues from the original due date until payment is received in full
Software Subscription Fees	$300-$500/yr. Employee/ Student Attendance Tracking $200/yr. Microsoft 365 Class Management $199 - $299/monthly Website Hosting w/ ADA compliance $79/monthly	As arranged	Payable to software vendors for software subscriptions required for the operation of your business.
Audit	Cost of audit (estimated to be between $1,000 and $5,000)	15 days after billing	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest
Product or Supplier Evaluation	Reasonable cost of inspection and actual cost of test, not to exceed $1,000	Time of inspection	Applies to new products you wish to purchase or suppliers you wish to purchase from that we have not previously approved
Insurance Policies	Amount of unpaid premiums plus a reasonable fee for our obtaining the insurance on your behalf	As invoiced	If you fail to maintain required insurance coverage and we elect to obtain coverage for you, you must reimburse us for the premiums paid on your behalf. We are not required to obtain insurance for you

Name of Fee (1)	Amount	Due Date	Remarks
Liquidated Damages (Franchise Agreement)	Will vary under circumstances	15 days after termination	If we terminate your Franchise Agreement for cause, we are entitled to receive monetary compensation according to a prescribed formula. See Note 4
Liquidated Damages (Multi-Unit Development Agreement)	$10,000 per undeveloped Business plus all unpaid initial franchise fees	15 days after termination	Payable if we terminate your Multi-Unit Development Agreement before the Development Schedule is completed
Costs and Attorneys' Fees	Will vary under circumstances	As invoiced	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	All costs including attorneys' fees	As invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of your business or for costs associated with defending claims that you used the Marks in an unauthorized manner
Business Refurbishment	Will vary under circumstances	As incurred	Payable to approved suppliers. We have the right to request that you remodel and/or refurbish your Business to meet our then-current requirements for trade dress, décor and presentation of the Marks. We will not make this request more frequently than every five years
Taxes	Amount of taxes	Upon demand	You must reimburse us for any taxes that we must pay to any governmental authority due to the operation of your Franchised Business or payments you make to us
Tax Payment Reimbursement	Reimbursement of our costs, plus 10% administrative fee	On demand, if incurred	If you do not timely pay taxes to the taxing authorities having jurisdiction over your Franchised Business, we have the right (but not the obligation) to pay these taxes for you. If we do this, you will pay this fee

Notes:

1. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. Unless otherwise stated in the table above, all fees are payable to us. All fees are generally non-refundable. We do not expect to change any fees over which we have control, but we cannot guaranty you that the amounts you pay to third parties will not change during the term of your Agreement.

2. "Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business, whether by check, cash, credit or otherwise and including all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid to the taxing authority, and (c) the value of any allowance issued or granted to any customer of the Franchised Business that you credit in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business. You must pay fees to us by EFT (electronic funds transfer). You must sign any documents required by us, our bank and/or your bank to permit us to debit your account directly.

   You must provide us with a report not later than the 5th day of each month showing Gross Sales for the preceding calendar month. If you do not report the Business's Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the amount you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the amounts you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

   If you open your Franchised Business on or after the 25th day of any month, the Royalty Fee for that month will be waived. For example, if you open your Business on January 25th, no Royalty Fee will be due for Gross Sales achieved between January 25th and January 31st. Your first Royalty Fee payment in March will be for Gross Sales achieved in February.

   If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

3. Members of a Cooperative will include all Businesses within the Cooperative's area, including any owned and operated by us and/or our affiliates. All Businesses in the Cooperative, including those owned by us and/or our affiliates, will have the same voting rights as franchisees, but no one Businesses (or commonly controlled group of Businesses) will have more than 25% of the total vote. As of the date of this Disclosure Document, no Cooperatives have been formed.

4. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT BASIC FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee [(1)]	$24,900	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses While Training [(2)]	$6,338 to $13,663	As arranged	As arranged	Airlines, Hotels, Restaurants
Real Estate Rent Deposits and Pre-Paid Expenses [(3)]	$12,000 to $13,040	As arranged	As arranged	Landlord
Furniture, Fixtures and Décor [(4)]	$17,500 to $23,500	As arranged	As arranged	Approved Suppliers
Leasehold Improvements [(5)]	$27,000 to $35,000	As arranged	As arranged	Contractor
Inventory and Supplies [(6)]	$1,500 to $2,500	As arranged	As incurred	Approved Suppliers
Grand Opening Advertising [(7)]	$9,000-$11,000	As arranged	As arranged	Approved Suppliers
Insurance – 3 Months [(8)]	$2,700 to $5,000	As arranged	As incurred	Insurance Companies
Architectural/ Engineering [(9)]	$0 to $4,000	As arranged	As arranged	Architect, Engineer
Signage [(10)]	$3,000	As arranged	As arranged	Approved Suppliers
Professional Fees [(11)]	$750 to $1,500	As arranged	As arranged	Attorney, Accountant
Computer System [(12)]	$10,500 to $12,000	As arranged	As arranged	Approved Suppliers
Permits/Licenses [(13)]	$250 to $1,000	As required	As incurred	Government Agencies
Additional Funds – 3 Months [(14)]	$6,000 to $10,000	As arranged	As arranged	Various
Total [(15)]	**$121,438 to $160,103**			

YOUR ESTIMATED INITIAL INVESTMENT ENHANCED FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee [1]	$24,900	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses While Training [2]	$6,338 to $13,663	As arranged	As arranged	Airlines, Hotels, Restaurants
Real Estate Rent Deposits and Pre-Paid Expenses [3]	$15,700 to $16,250	As arranged	As arranged	Landlord
Furniture, Fixtures and Décor [4]	$16,000 to $26,623	As arranged	As arranged	Approved Suppliers
Leasehold Improvements [5]	$27,000 to $35,000	As arranged	As arranged	Contractor
Inventory and Supplies [6]	$1,500 to $2,500	As arranged	As incurred	Approved Suppliers
Grand Opening Advertising [7]	$9,000-$11,000	As arranged	As arranged	Approved Suppliers
Insurance – 3 Months [8]	$2,700 to $5,000	As arranged	As incurred	Insurance Companies
Architectural/ Engineering [9]	$0 to $4,000	As arranged	As arranged	Architect, Engineer
Signage [10]	$3,000	As arranged	As arranged	Approved Suppliers
Professional Fees [11]	$750 to $1,500	As arranged	As arranged	Attorney, Accountant
Computer System [12]	$12,500 to $14,000	As arranged	As arranged	Approved Suppliers
Permits/Licenses [13]	$250 to $1,000	As required	As incurred	Government Agencies
Additional Funds – 3 Months [14]	$6,000 to $10,000	As arranged	As arranged	Various
Total [15]	**$125,638 to $168,436**			

YOUR ESTIMATED INITIAL INVESTMENT Franchise Located In-School (Private) with Private School as Franchisee/				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$19,900	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses While Training (2)	$0 to $2,000	As arranged	As arranged	Airlines, Hotels, Restaurants
Equipment	$11,000 to $12,000	As arranged	As arranged	Approved Suppliers
Leasehold Improvements (5)	$1,000	As arranged	As arranged	Contractor
Grand Opening Advertising (7)	$5,000	As arranged	As arranged	Approved Suppliers
Signage (10)	$250	As arranged	As arranged	Approved Suppliers
Professional Fees (11)	$750 to $1,500	As arranged	As arranged	Attorney, Accountant
Total (15)	**$37,900 to $41,650**			

YOUR ESTIMATED INITIAL INVESTMENT Franchise Located In-School (Public or Private) with Small Office Off Grounds for Franchisee				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (1)	$19,900	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses While Training (2)	$0 to $2,000	As arranged	As arranged	Airlines, Hotels, Restaurants
Office	$7,559 - $8,000	As arranged	As arranged	Various
Grand Opening Advertising (7)	$0-$5,000	As arranged	As arranged	Approved Suppliers
Signage (10)	$250	As arranged	As arranged	Approved Suppliers
Professional Fees (11)	$750 to $1,500	As arranged	As arranged	Attorney, Accountant

YOUR ESTIMATED INITIAL INVESTMENT Franchise Located In-School (Public or Private) with Small Office Off Grounds for Franchisee				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Additional Funds	$5,000	As arranged	As arranged	Various
Total (15)	**$33,459- $41,650**			

YOUR ESTIMATED INITIAL INVESTMENT VIRTUAL FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee [1]	$19,000	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses While Training [2]	$5,338 to $12,663	As arranged	As arranged	Airlines, Hotels, Restaurants
Real Estate Rent Deposits and Pre-Paid Expenses [3]	$0 to $5,000	As arranged	As arranged	Landlord
Inventory and Supplies [6]	$2,466	As arranged	As incurred	Approved Suppliers
Grand Opening Advertising [7]	$9,000-$11,000	As arranged	As arranged	Approved Suppliers
Insurance – 3 Months [8]	$0-$2,700	As arranged	As incurred	Insurance Companies
Professional Fees [11]	$750 to $1,500	As arranged	As arranged	Attorney, Accountant
Computer System [12]	$5,000 to $7,000	As arranged	As arranged	Approved Suppliers
Permits/Licenses [13]	$250 to $1,000	As required	As incurred	Government Agencies
Additional Funds – 3 Months [14]	$0 to $5,000	As arranged	As arranged	Various
Total [15]	**$41,804 to $67,329**			

<u>**Notes**</u>:

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

1. ***Initial Franchise Fee***. This fee is described in greater detail in Item 5 of this Disclosure Document.

2. ***Travel and Living Expenses While Training***. We will train up to five people at no additional charge, but you must pay for your trainees' expenses while attending training. These expenses include travel, lodging, meals and wages. If you wish to send additional trainees to our training program, you will pay our then-current additional training fee in addition to these additional trainees' expenses. The low end of the estimate assumes there are three trainees within driving distance of our training facility. The higher end of the estimate assumes there are five trainees and that additional travel will be needed. The amount you spend will depend on how far you must travel, the number of people attending training, the method of travel, and the accommodations chosen.

3. ***Real Estate Rent Deposits and Pre-Paid Expenses***. You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. A typical Business is approximately 1,100 to 2,000 square feet, or approximately 500 square feet for an office only. Your Business may be located in a shopping center, strip mall, industrial park or free standing location. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs may vary based upon the square footage leased, the cost per square foot and any required maintenance costs. Our estimate assumes a rent of $21 per square foot and that utilities are included. Prepaid expenses include a trash dumpster and taxes, as well as potential parking lot maintenance, such as snow removal.

Our estimate assumes that you will lease the premises for your Business. If you choose to purchase real property and build your Business, your initial investment will probably be substantially higher and we cannot estimate how much the initial investment would increase.

4. ***Furniture, Fixtures and Décor***. You will need to purchase or lease tables, chairs for students, whiteboards, office furniture (including desk and chairs), bookshelves, reception area furniture, including small couches and chairs, and logo signage. Our list of required items is included in the Confidential Operations Manual. The cost of these items will vary based on the size of your Business, supplier costs, and other factors. Our estimates assume that you will purchase all required items rather than lease them.

5. ***Leasehold Improvements***. The premises of the Franchised Business may need to be renovated according to our standards and specifications. We will provide you with a generic floor plan that you can customize to fit the shape and dimensions of the location we approve for your Business. The cost of the leasehold improvements will vary depending upon the size, condition, layout and location of the premises, local wage rates and the cost of materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord or through landlord tenant improvement contributions, and the condition of the space before you take possession of the premises. Our estimate does not include any tenant improvement allowance that you may negotiate.

6. ***Inventory and Supplies***. You must purchase an initial inventory that includes school supplies, office supplies and cleaning supplies.

7. ***Grand Opening Advertising***. You must spend this amount on advertising and promotion for your Business during the 60 days before and 30 days after your Business opens. Any advertising you wish to use must first be approved by us and must include any specific promotions we designate. In the franchised location in a public or private school the low amount of $0 is applicable to a public school.

8. ***Insurance***. These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Business, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company’s practices and your creditworthiness.

9. ***Architectural/Engineering***. We will provide you with a generic floor plan that you can customize to suit the shape and dimensions of the location we approve for your Business. We must review your plans to make sure that they meet all of our requirements for layout, presentation of the Proprietary Marks and trade dress before you may begin building out your Business. Our review is not intended to verify that the plans are in compliance with any applicable law, ordinance or building code.

10. ***Signage***. You will need to purchase interior and exterior signage for your Business. Our specifications for your signage will be included in the Confidential Operations Manual. Your landlord or your local ordinances may have restrictions on the type or size of exterior signage you may have.

11. ***Professional Fees***. We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.

12. ***Computer System***. You must purchase the computer systems and related electronics that we require. Our specifications for the computer system are included in Item 11. Our estimate includes the cost of 12 iPads, 2 laptops, 3 iMacs, 2 projectors and 3 printers for the enhanced model. The basic model includes 12 iPads, 2 laptops, 3 iMacs, 2 projectors and 2 printers.

13. ***Permits and Licenses***. This is the estimated cost of the permits and licenses that you must have to operate your Business. We strongly recommend that you consult with an attorney to determine exactly what permits and licenses you will need.

14. ***Additional Funds***. You will need capital to support ongoing expenses, such as payroll, utilities, Royalty Fees, and Brand Development Fees, if these costs are not covered by sales revenue for your first three months of operation. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months.

15. ***Total***. This total is an estimate of your initial investment and the expenses you will incur during the first three months of operations. In compiling this chart, we relied on our Affiliate's experience since March 2007 in owning and operating Village East Gifted Businesses. The amounts shown are estimates only and may vary for many reasons including how much you follow the System, the capabilities of your management team, the effort you put into developing your Business, and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

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YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT DEVELOPMENT AGREEMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (1)	$49,800 to $74,700	Lump Sum	On signing Multi-Unit Development Agreement	Us
Other Expenditures for First Business (2)	$96,538 to $135,203	See First and Second Tables	See First and Second Tables	See First and Second Tables
Total	**$140,338 to $209,903**			

None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

<u>Notes</u>:

1. ***Development Fee***. The development fee is discussed in Item 5. The low end of our estimate assumes you will develop three Businesses, and the high end of our estimate assumes you will develop five Businesses. If you choose to develop additional Businesses, the development fee will increase by $12,450 for each additional Business you commit to develop.

2. ***Other Expenditures for First Business***. These are the estimates to build-out your first Business. Costs associated with building out additional Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all fixtures, furnishings, signs, equipment (including computer system), inventory, advertising materials, business stationery, and other supplies, products and materials required for the establishment and operation of your Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items, who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved for these items in writing by us and not then disapproved. We will furnish you with a list of approved suppliers for necessary items through our Confidential Operations Manual (the "Manual"). There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier.

Currently neither we nor our Affiliate are an approved supplier for any product or service you must purchase or lease. No franchisor officer owns an interest in any supplier.

There currently are no purchasing or distribution cooperatives, although we may establish them in the future. We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System.

The premises you wish to use must first be approved by us. We will not approve any location that in our opinion does not meet our criteria for a Village East Gifted Business. Additional information about site selection and our requirements is included in Item 11. If construction plans or blueprints are created for the build-out of your Business, the construction plans or blueprints must be approved by us before you may begin construction. Our review is to make sure that they meet all of our requirements for layout, presentation of the Proprietary Marks and trade dress, and is not intended to verify that the plans are in compliance with any applicable law, ordinance or building code.

If you develop any marketing or promotional materials that you wish to use in the promotion of your Business, and if we have not previously approved these materials, you must submit these materials to us for our approval before you may use them. We have the right to require you to include certain language in your promotional materials, such as "Franchises Available" and our website address and telephone number. All of your advertising must also indicate that your Business is independently owned and operated.

We estimate that approximately 70% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased from us, our Affiliate, an approved supplier, or from another party according to our standards and specifications. We estimate that approximately 30% of your expenditures on an ongoing basis will be for goods and services that must be purchased either from us, our Affiliate, an approved supplier or another party according to our standards and specifications.

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (within 30 days), notify you of our decision, which will be provided to you in writing. If we do not provide you with written notice within this 30 day period, the proposed product or supplier is deemed not approved. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We are not required to make available to you or any supplier the criteria for product or supplier approval that we consider confidential. We are not required to approve any product or supplier if we believe that approval is not in the best interests of the System. You or the proposed supplier must pay our costs related to our evaluation (but not more than $1,000).

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

We will notify you in writing (such as by updates to our Manual, newsletter or e-mail) of any changes to our lists of approved products and approved suppliers, including if any product or supplier is no longer approved. If we notify you that a previously approved product or supplier is no longer approved, you must stop purchasing that product or stop purchasing from that supplier.

We do not provide material benefits to you (such as renewal rights or the right to open additional Businesses) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). We may also contribute Allowances to the Brand Development Fund, but if we choose to do this it does not reduce or eliminate your obligation to pay the Brand Development Fee. You will have no right to any Allowances we receive. For the fiscal year ended December 31, 2021, neither we nor our affiliates earned revenue from any Allowances.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverages that we periodically require. You must obtain this insurance and provide us with a certificate of insurance not later than two weeks before your Business opens. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. Our insurance requirements are included in the Manual and may be changed during the term of your Franchise Agreement.

All insurance must be on an "occurrence" basis. Currently, you must maintain all insurance coverages required by your city, state and other authorities, for educational institutions in your jurisdiction. These may include Comprehensive General Liability Insurance, Statutory Worker's Compensation Insurance, Employer's Liability Insurance, Errors and Omissions Insurance, Casualty Insurance, Business Interruption Insurance and Property Insurance (including fire, vandalism, and malicious mischief insurance) for the amount of the Furnishings, Equipment and all the contents of your Village East Gifted Franchised Business.

You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. If you fail to obtain the insurance required, we may (but are not obligated to) obtain insurance on your behalf. You must reimburse our costs related to obtaining insurance for you plus a reasonable fee for our efforts in doing so.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	3	3	8 and 11
(b) Pre-opening purchases/lease	3 and 8	Not Applicable	7, 8 and 11
(c) Site development and other pre-opening requirements	3 and 8	Not Applicable	11
(d) Initial and ongoing training	6	Not Applicable	6 and 11
(e) Opening	3	Not Applicable	11
(f) Fees	2, 4, 5, 6, 8, 11, 15 and 17	2	5, 6, 7 and 11
(g) Compliance with standards and policies/operating manual	8 and 10	Not Applicable	8, 11 and 14
(h) Trademarks and proprietary information	9	Not Applicable	13 and 14
(i) Restrictions on products/services offered	8	Not Applicable	16
(j) Warranty and customer service requirements	18	Not Applicable	Not Applicable
(k) Territorial development and sales quotas	Not Applicable	3	12
(l) On-going product/ service purchases	8	Not Applicable	8
(m) Maintenance, appearance and remodeling requirements	8	Not Applicable	6
(n) Insurance	11	Not Applicable	6, 7 and 8
(o) Advertising	5	Not Applicable	6, 7 and 11
(p) Indemnification	19	14	6
(q) Owner's participation/ management/ staffing	6	7	11 and 15
(r) Records and reports	4	Not Applicable	6
(s) Inspection and audits	4	12	6
(t) Transfer	15	11	6 and 17
(u) Renewal	2	5	6 and 17
(v) Post-termination obligations	13	10	17
(w) Non-competition covenants	14	12	17

Obligation	Section in Franchise Agreement	Section in Multi-Unit Development Agreement	Disclosure Document Item
(x) Dispute resolution	21	19	17
(y) Liquidated damages	13	10	6

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or any other obligation.

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

Except as listed below, Village East Gifted Franchise Inc is not required to provide you with any assistance.

Pre-Opening Obligations

Multi-Unit Development Agreement: Under the Multi-Unit Development Agreement we will grant to you exclusive rights to a Development Area within which you will assume the responsibility to establish and operate an agreed-upon number of Franchised Businesses under separate Franchise Agreements (Multi-Unit Development Agreement – Section 1.1).

Franchise Agreement: Before the opening of a Business we will provide the following assistance and services:

1. Review and, if the site meets our criteria, approve the location you have selected for your Franchised Business. WE DO NOT REPRESENT THAT WE OR ANY OF OUR EMPLOYEES HAVE SPECIAL EXPERTISE IN SELECTING SITES OR THAT THE FRANCHISED BUSINESS WILL BE PROFITABLE OR SUCCESSFUL BY BEING LOCATED AT THE APPROVED SITE. ANY APPROVAL IS INTENDED ONLY TO INDICATE THAT THE PROPOSED SITE MEETS OUR MINIMUM CRITERIA BASED UPON OUR GENERAL BUSINESS EXPERIENCE (Franchise Agreement – Section 3.1).

2. Provide you with standard specifications and a generic floor plan for building and furnishing the Business (Franchise Agreement – Section 3.3).

2. Designate your territory (Franchise Agreement – Section 1.2).

3. Loan to you our Manual or provide you access to our Manual via a password protected website (Franchise Agreement – Section 10.1).

4. Provide an initial training program at our offices. The initial franchise fee includes training for up to five people (including you and your Administrator), but does not include transportation, lodging, meals and wages (Franchise Agreement – Section 6.2). This training is described in detail later in this Item. If you wish to have additional people trained by us, you must pay our then-current additional training fee (see Item 6).

5. Provide, at our expense, one of our representatives to assist you with the opening of your Franchised Business for up to 5 days (Franchise Agreement – Section 6.2). If you request additional days of on-site assistance, you must pay our then-current per diem additional training fee for each additional day of assistance, and you must reimburse our representative's additional expenses for the extra days. If you are opening your second or later Franchised Business, we have the right to provide fewer days of opening assistance, or to not provide opening assistance.

Continuing Obligations

Multi-Unit Development Agreement: Under the Multi-Unit Development Agreement we will provide the following assistance.

1. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Business (Multi-Unit Development Agreement – Section 8.1).

2. We will provide you with standard specifications and a generic floor plan for building and furnishing the Business (Multi-Unit Development Agreement – Section 8.2).

3. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Development Agreement – Section 8.3).

4. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Business (Multi-Unit Development Agreement – Section 8.4).

5. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Developers (Multi-Unit Development Agreement – Section 8.5).

Franchise Agreement: During the operation of a Business we will provide the following assistance and services:

1. Provide guidance and assistance in the operation of your Franchised Business. This guidance may be provided in the form of periodic e-mails, telephone communications and/or field visits (Franchise Agreement – Section 7.1).

2. We may hold periodic regional or national franchisee conventions/sales meetings to discuss ongoing changes in the industry, operational techniques, new programs and services to be offered at your Business, personnel training, bookkeeping, accounting, or advertising programs. We may designate that attendance at a convention/sales meeting is mandatory for you and/or your Administrator. You must pay our then-current, per person fee for each attendee from your Franchised Business, as well as all of the travel and living expenses for your attendees (Franchise Agreement – Section 6.4).

3. Provide periodic refresher training. You must pay our then-current, per person fee for training as well as the expenses for your trainees, including travel, lodging, meals and applicable wages, if the training will be held at our headquarters or training facility. If the training will be held at your Business, you must, in addition to paying the required fee, reimburse our representative's expenses, including travel, lodging, and meals (Franchise Agreement – Section 6.4).

4. Maintain a Brand Development Fund (Franchise Agreement – Section 5.2).

5. We may designate the maximum prices you may charge for the programs and services your Business offers (Franchise Agreement – Section 7.4). We do not guarantee that you will earn any level of sales or profitability by following our pricing requirements or recommendations.

Site Selection and Opening

If you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it, but unless we provide our specific approval of the proposed site, it is deemed not approved. If you do not have a proposed site when you sign the Franchise Agreement, you must locate a suitable site within 45 days after you sign the Franchise Agreement. We will furnish you with our general site selection criteria that you must use in locating and obtaining a site that meets our standards and criteria and that is acceptable to us.

The general site selection and evaluation criteria that we consider in approving your site includes the condition of the premises and layout, population demographics of the surrounding area (including median income), proximity to other Village East Gifted Businesses, proximity to local school systems, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads and/or public transportation, the extent to which the neighborhood is commercial, industrial or residential, available parking, and overall suitability. We will have 15 days after we receive all of the information we require concerning the proposed site to notify you whether the site has been accepted by us. Our acceptance or approval of a site for your Business is not a representation, warranty or guaranty that you will be successful at that site. Our acceptance or approval only indicates that the site has met our then-current minimum requirements for a Business. We will not own the premises and then lease it to you.

If you are unable to find a suitable and approved location for the Franchised Business within 45 days after you sign the Franchise Agreement, we may provide you with an extension of this timeframe or we may terminate the Franchise Agreement.

After we have approved the site you have selected, you must sign a lease for the approved site within 15 days. We have the right to review and approve the lease for the Approved Location, and we have the right to require you and your landlord to sign our assignment of lease form which will permit us to assume your responsibilities under the lease in certain circumstances. You must also provide us with a copy of the fully signed lease.

We estimate that approximately three months will elapse from when you sign the Franchise Agreement to the opening of your Franchised Business for business. Your Franchised Business must be opened for business not later than three months after you sign the Franchise Agreement, unless we give you an extension of this timeframe. If you fail to open the Business within the time we require, we may terminate your Franchise Agreement. The factors that affect this time are the ability to obtain general business permits, training, financing, zoning and local ordinances, weather and other delays in the build-out of your Business, equipment shortages, and delays installation of any equipment, fixtures and signs. You may not open your Franchised Business for business until: (1) we determine that your Franchised Business has been built, equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (2) the initial training program we provided has been completed to our satisfaction by all required persons; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you have obtained all necessary governmental permits, licenses and authorizations for the operation of your Franchised Business; and (6) you are in full compliance with all the terms of the Franchise Agreement. We do not provide assistance with obtaining or installing equipment, signs, fixtures, opening inventory, or supplies.

Brand Development Fund

We have the right to establish a System-wide Brand Development Fund that will develop and place advertising to promote Village East Gifted Businesses generally (the "Fund"). Upon 30 days' advance written notice from us that the Fund has been established, you must begin paying the Brand Development Fee equal to 1% of Gross Sales. As stated in Item 8, we may contribute Allowances we receive from approved suppliers to the Fund. If we choose to do this, it does not reduce or eliminate your obligation to pay the Brand Development Fee. We or our designee will administer the Fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their Brand Development Fees from the placement of advertising by the Fund.

(b) We may use Brand Development Fees to meet the cost of or reimburse us our costs of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; employing advertising agencies to assist with advertising; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We may conduct advertising in-house, but we may also use a national or regional advertising agency to produce consumer advertising for System-wide marketing. We will maintain the Fund in a separate account from our general funds and we will not use the Fund for any of our general operating expenses, except that we may reimburse ourselves for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). No portion of the Fund will be used for advertising that is a direct solicitation of franchise sales. In the fiscal year ending December 31, 2021, the Fund had not yet been established and no fund have been collected or spent. We have the right to include the phrase "Franchises Available" and our contact information on all advertising conducted by the Fund.

(c) If there is any remaining money in the Fund at the end of a fiscal year, that money will carry over to be spent in the next year. We intend for the Fund to be perpetual, but we have the right to terminate it at any time. If we terminate the Fund, any remaining money in the Fund will be used for advertising and promotional purposes. If we choose to terminate the Fund, we may reinstate it at any time and the reinstated Fund will be administered as described in this section.

(d) All Village East Gifted Businesses owned by us or any of our affiliates will contribute to the Fund on the same basis as our franchisees.

(e) We will have an unaudited accounting of the Fund prepared each year and we will provide you with a copy if you request it. We retain the right to have the Fund audited, at the expense of the Fund, by an independent certified public accountant selected by us.

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

Grand Opening Advertising

You must spend between $9,000 and $11,000 for a grand opening advertising campaign to promote the opening of your Franchised Business. Your grand opening advertising campaign must be conducted by you during the 90 day period comprising 60 days before and 30 days after your Business opens. Your grand opening advertising campaign must be approved by us before you may begin it and we may require that your grand opening advertising campaign include specific promotions.

Local Advertising

After your grand opening advertising campaign is completed, you must conduct local advertising in your Territory, and you must spend not less than $2,000 per month or 1.5% of Gross Sales, whichever is greater on local advertising (Franchise Agreement – Section 5.3). Not later than the 5th day of each month, you must provide us with a report of your local advertising expenditures for the previous calendar month, including verification copies of advertising conducted.

All advertising, marketing or promotion that you wish to use should be created and implemented with respect to the highest ethical standards, be presented in a clear and factual way, should not be misleading to the consumer in any way, and should adhere to all local, state and federal laws. Any marketing that has not been furnished by us or that we have not approved within the preceding 12 months must be submitted to us for our review. If we do not provide our approval of the proposed materials within 15 days of receipt, the materials are deemed not approved. You are strictly prohibited from using marketing or promotional materials of any kind that have not been approved by us. Any marketing or promotional materials you provide to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. The approval process described in this paragraph also applies to proposed marketing to be used by advertising cooperatives, as described below.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. You may not directly solicit customers outside of your Territory.

You must display the Proprietary Marks in the manner prescribed by us on all signs and all other advertising and promotional materials you use in connection with the Franchised Business. We have the right to require you to include certain language on all advertising to be used locally by you, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or website address.

Cooperative Advertising

We have the right to form, or to approve the formation of, regional advertising cooperatives ("Cooperative") for a geographic area that includes at least two Village East Gifted Businesses. You must participate in any Cooperative established in your region that includes your Territory, but you will not have to participate in more than one Cooperative. The members of the Cooperative by majority vote will determine the amount and frequency of contributions each member must make to the Cooperative. All members will contribute to the Cooperative at the same rate. Any amounts you contribute to a Cooperative will count toward your local advertising requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally. We will have the authority to create, change, merge or dissolve any Cooperative.

Any Businesses owned and operated by us or our affiliates will participate in Cooperatives on the same basis as our franchisees, and will have the same voting rights as franchisees. In no event will any one Business (or any group of commonly controlled group of Businesses) have more than 25% of the total vote on any Cooperative matter. If the Cooperative will operate from governing documents, such as by-laws, the governing documents must first be approved by us and you will have an opportunity to review the governing documents before you join the Cooperative. A Cooperative is not required to provide its members with financial statements.

Advisory Council

We have the right to form one or more advisory councils to work with us to improve various aspects of the System, including advertising conducted by the Fund, new products and services, and other matters. If we choose to form an advisory council, its members will be made up of franchisees and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees. If you participate on an advisory council you must pay for any expenses related to your participation, including travel, lodging and meals expenses related to attending advisory council meetings. If formed, the advisory council will act in an advisory capacity only and will not have decision making authority. We will have the power to form, merge, change or dissolve any advisory council, in our discretion.

Website; Intranet; Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage. We have the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to any software or mobile applications ("apps") that we develop, may – in addition to advertising and promoting the products, programs or services available at Village East Gifted Businesses – also be devoted in part to offering Village East Gifted franchises for sale and be used by us to exploit the electronic commerce rights which we alone have.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Village East Gifted" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, FourSquare, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business' operation, including prohibitions on you and your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, FourSquare, Instagram and SnapChat, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

Training Programs

We will train a maximum of five trainees in operating the Business for no additional fee. The trainees include you (or, if you are an entity, your principal owner), your Administrator or Director of Admissions, and at least one teacher. You must complete our training program to our satisfaction not later than 30 days before your Franchised Business is scheduled to open. If you request that we provide our initial training program to additional persons, either before your Franchised Business opens or while it is operating, you must pay our then-current additional training fee for these additional trainees (see Item 6). You will also pay all expenses you and your trainees incur while attending initial training, including travel, lodging, meals and applicable wages.

Approximately 5 days of training will be held at our Huntington Station or Roslyn, New York location, at an operating Village East Gifted Business, or at another location we designate. There will also be an additional one to two days of training for curriculum and classwork setup a week prior to opening at one of our locations. We have the right to modify our training program based on the individual needs and/or experience of any trainee. You and your Administrator must satisfactorily complete initial training and participate in all other activities required to operate the Franchised Business. We may require you to replace your Administrator if we determine that he or she is not qualified to hold that position. You must pay our additional training fee for training a replacement (see Item 6). If you are unable to satisfactorily complete the initial training program, you may re-take our training program at your cost. If you are unable to satisfactorily complete the initial training program a second time, we may terminate your Franchise Agreement. If any Administrator is no longer employed by you, you must enroll a replacement in our training program, at your expense, within 30 days after the first person's employment ends.

Training will occur after you sign the Franchise Agreement and while you are developing the Franchised Business. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We will hold training based on the number of franchisees entering the System and Business openings, and on an as-needed basis. The materials we use in our initial training program include our Manual, program curricula, and any other materials that we believe will benefit our franchisees in the training process. As of the date of this Disclosure Document, we provide the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Observation/Feedback Training	Location
Introduction to Village East Gifted	3	0	Huntington Station or Roslyn, New York

Subject	Hours of Classroom Training	Hours of Observation/Feedback Training	Location
Program Methods and Curriculum	9	6	Huntington Station or Roslyn, New York
Daily Operations	4	2	Huntington Station or Roslyn, New York
Billing and Client Relations	3	0	Huntington Station or Roslyn, New York
Marketing and Advertising	3	0	Huntington Station or Roslyn, New York
	Total 22	Total 8	

Our training program is overseen by founder, Tobi J. Phillips who has over 14 years of experience. Ms. Phillips has been with the franchisor since inception in 2019 and with our Affiliate since 2007. We have the right to use the expertise of our Affiliate's employees to assist in providing training. Each of our instructors will have at least four years of experience in the subject being taught, and at least four years of experience with us and/or our Affiliate.

In addition to our training program, we will send you one of our representatives to provide up to 5 days of on-site opening assistance. Opening assistance is provided at our expense, but if you request additional days of opening assistance, you must pay our then-current additional training fee for each additional day of opening assistance and you must reimburse our representative's additional expenses for the extra days. If you are opening your second or later Franchised Business, we have the right to provide fewer days of opening assistance, or to not provide opening assistance.

We may periodically provide ongoing training programs or seminars which we may designate as mandatory for you and/or your Administrator. We will determine the topic(s) and agenda for each ongoing training program or seminar. You must pay our then-current additional training fee as well as all travel costs, lodging, meals, and employees' salaries incurred in connection with attendance at this training. If training is provided at your Business, you must reimburse our representative's expenses, including travel, lodging, and meals.

You may request additional on-site training or assistance, or we may determine based on an inspection or review of your Business that additional training or assistance is necessary. You must pay our then-current additional training fee and our representative's expenses, including travel, lodging, and meals.

We may also hold regional or national franchisee conventions/sales meetings to discuss ongoing changes in the industry, operational techniques, new programs, service developments, personnel training, bookkeeping, accounting, and advertising programs. We may designate that attendance at a convention/sales meeting is mandatory for you and/or your Administrator. You must pay our then-current, per person fee for each attendee from your Franchised Business, as well as all of the travel and living expenses for your attendees. These meetings will be held at our corporate headquarters or at another location chosen by us, but we will not specify an unreasonably expensive location.

We expect that you will provide training to all of your employees. If you wish to send trainees to us for training, you must pay our then-current additional training fee and the trainees' expenses. If we determine that one of your administrators or instructors has not been trained properly, we have the right to require you to send these individuals to us for training, at your expense.

Computer Systems and Software

You must purchase or lease the computer system we designate. The computer system will provide you with the following functions: manage schedules, track sales, provide a customer database, process recurring monthly billing, employee timekeeping, student attendance, and financial reporting. We estimate that the initial cost of your computer systems, including peripheral equipment such as printers and projectors, will be between $10,500 and $14,000. Unless we designate a specific supplier for the computer system, you may purchase it from any supplier. For the enhanced model, we anticipate that you will need enhanced model includes 12 iPads, 2 laptops, 3 iMacs, 2 projectors and 3 printers. The basic model includes 12 iPads, 2 lap tops, 3 iMacs, 2 projectors and 2 printers. You must at all times have a high speed internet connection for your computer system, including WiFi.

You must make sure that we have independent access at all times to your computer system, at your expense. We will have the right to access your computer system to obtain any data stored on it, including sales and inventory information, schedules, and your customer database. There are no contractual limitations on our ability to access information on your computer system, or the information we may access. Any information we access on your computer system will at all times remain our property and we have the right to use this information without compensation to you, but we will use our best efforts to maintain the confidential nature of the information we retrieve.

We have the right to require you to purchase additional software and/or peripheral hardware for your computer system, and we have the right to require you to purchase an entirely new computer system. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn out hardware or equipment, and there are no specific contractual limitations on our ability to require you to purchase these upgrades, updates or replacements.

We recommend, but do not require, that you have a maintenance contract for your computer system.

You must purchase any subscription based software we require you to have. The required software will be more specifically described in the Manual. We estimate that the cost of the required software subscriptions will be $199 per month. Neither we nor any affiliate will provide you with any computer maintenance, updates or upgrades.

Confidential Operations Manual

The Table of Contents of the Confidential Operations Manual is attached to this Disclosure Document as Exhibit I. Our Confidential Operations Manual includes approximately 122 pages.

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a Village East Gifted Business at a particular street address known as the "Approved Location". You may not operate the Franchised Business from any location other than the Approved Location. You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection criteria and our approval. Your Territory is located in all or a portion of a listed town, city, or county and is identified by a group of contiguous zip codes. The Territory is determined on an individual basis taking into account minimum numbers of households, average home prices, and household incomes. Your Territory is based on demographics, population, trade areas, shopping patterns. Factors such as but not limited to; population, median age, median household income, shopping patterns, trade areas, and manufactured as well as natural boundaries are taken into consideration. The Territory is at the franchisor's discretion. Your Territory will be identified and attached to your Franchise Agreement as Attachment 3.

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

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Business in your Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below.

As part of the process of renewing your Franchise Agreement, we have the right to re-evaluate your then-existing Territory according to certain demographics, including population. Since your Territory includes a certain minimum population, your Territory under the renewal Franchise Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your renewal Territory similar to the target demographics of your original Territory. A re-evaluation of your Territory may result in your renewal Territory being smaller or larger than your original Territory. We cannot guarantee that you will achieve any particular level of success with the renewal Territory or that your results will be the same as or similar to your results from operating in the original Territory.

The Territory granted to you is not dependent upon the achievement of a certain sales volume, market penetration or other contingency. There are no circumstances under which the protected area granted to you may be altered before the expiration or termination of the Franchise Agreement, without our mutual consent.

You may not relocate your Franchised Business without our prior written approval. If you request our approval to relocate your Business, you must provide us with the information we require to evaluate the site, similar to the information you provided for your original site. Any proposed new location must be within your Territory. You will not pay a new initial franchise fee for this relocation if we approve it, and we do not charge a relocation fee.

Except for the Territory granted to you as stated above, the franchise granted to you is non-exclusive. During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right:

(1) to establish and operate, and grant rights to other franchise owners to establish and operate, Franchised Businesses or similar businesses at any locations and on any terms and conditions we deem appropriate outside of your Territory;

(2) to sell any products and related services identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Proprietary Mark or other trademarks or service marks through any distribution channels we think best (including the Internet), anywhere;

(3) to engage in any other business activities not expressly prohibited by the Franchise Agreement.

You may sell our products, services and merchandise to customers who live anywhere but who choose to use your Franchised Business. You may not engage in any promotional activities or sell our products and services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. Virtual Franchises will be given a Territory with specific designated zip codes to advertise in. You are prohibited from selling any merchandise through a website and/or over the internet, which right is reserved solely to us. You understand and acknowledge that we are not required to share any portion of the revenue generated from internet sales, even if the order is delivered to an address within your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products to any business or other customer at wholesale.

We and our affiliates may sell products under the Proprietary Marks within and outside your Territory through any method of distribution other than a dedicated Village East Gifted, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales anywhere. You may not sell any merchandise through your Website or via the Internet, and you will not receive any compensation for our sales through alternative distribution channels, including sales from our Website, even if the order is delivered to an address within your Territory. However, if we receive an inquiry through our Website, we will forward the inquiry to the applicable franchisee for response. All leads generated through our Website will be our property.

We have the right to maintain a Regional or National Account program. A Regional or National Account is a customer that has offices and employees in multiple areas. You may not negotiate any contract terms with a prospective Regional or National Account. We will have sole discretion to negotiate terms with the Regional or National Account. We anticipate that you will participate in the Regional and National Accounts program, which will require you to provide products and services to the employees of the Regional or National Account according to the agreement we have negotiated. For example, we may negotiate an agreement with a regional or national company that will offer the company’s employees to receive discounted pricing from all Village East Gifted Businesses.

If you choose not to participate in the Regional and National Account program, or if you are unable or unwilling to provide products and services to the Regional and National Account employees as requested, we, our affiliate or a third party (which may be another franchisee) may service the Regional or National Account, and you are not entitled to any portion of the revenue in these circumstances. We also have the right to terminate your participation in the Regional and National Account program if you are not providing products and services according to the terms we have negotiated or your participation is not otherwise in compliance with our policies.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Business which sell our products or services under a different trade name or trademark, but we have the right to do so in the future, without first obtaining your consent. We describe earlier in this Item 12 what we may do anywhere and at any time.

Multi-Unit Development Agreement

If you enter into a Multi-Unit Development Agreement, you will receive a Development Area within which you will have the right and obligation to develop multiple Village East Gifted Businesses. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Businesses in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Development Schedule.

Except as described below, during the term of the Multi-Unit Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Businesses to be located within the Development Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Development Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Multi-Unit Development Agreement, we and our affiliates retain all rights with respect to Village East Gifted Businesses, the Proprietary Marks, and any products and services anywhere including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Businesses and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; and (b) to operate and to grant others the right to operate Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Businesses.

To maintain your rights under the Multi-Unit Development Agreement you must have open and in operation the cumulative number of Village East Gifted Businesses stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Development Agreement.

Upon the expiration of the Multi-Unit Development Agreement, which is when the last Business to be developed has opened for business, your exclusive rights under the Multi-Unit Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Businesses within the Development Area. The Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Development Area, except that you must meet your Development Schedule. You are not granted any right of first refusal to purchase additional franchises or development rights.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your Franchised Business. These Proprietary Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Multi-Unit Development Agreement does not grant you the right to use the Proprietary Marks.

You may not use the Proprietary Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Proprietary Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Proprietary Marks.

Our Affiliate, East Village Gifted Inc, has registered or applied for registration of the following Proprietary Marks on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Application Date	Serial Number	Registration Date	Registration Number
Village East Gifted	4/19/2012	85/602,232	1/8/2013	4,271,193
Phillips RBM Approach	4/19/2012	85/602,244	1/15/2013	4,274,675

We do not have a federal registration for our principal trademark design. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternate trademark, which will increase your expenses.

We have filed all required affidavits and intend to renew our registrations for the Marks when they become due.

There are no currently effective determinations of the USPTO, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving any Proprietary Mark which may be relevant to their use in any state.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks, except for the perpetual trademark license agreement between us and our Affiliate dated June 1, 2019.

You must promptly notify us of any suspected unauthorized use of the Proprietary Mark, any challenge to the validity of the Proprietary Mark, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Mark. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Mark, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Mark. We may defend you against any third party claim, suit or demand arising out of your use of the Proprietary Mark. If we, in our sole discretion, determine that you have used the Proprietary Mark in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Mark in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Proprietary Mark, you must sign any and all documents and do the acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Proprietary Mark in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Mark in any state.

You must conspicuously post a sign at the Approved Location and include on all written materials, including advertisements, stationery, business cards, etc., the following: "Independently owned and operated."

We have the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion, and you must implement any change in or substitution of any Proprietary Mark at your sole expense.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

There are no registered or pending patents or registered or pending copyrights that are material to the franchise. We own certain copyrights in the Manual, marketing materials, curriculum and other copyrightable items which are part of the System, including the "Phillips RBM (**R**eawakening **B**rilliant **M**inds) curriculum and other curriculum materials. While we claim copyrights in these and similar items, 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. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

There are no infringing uses actually known to us that could materially affect your use of the patent in any state.

Copyrights

We own certain copyrights in the Manual, marketing materials, and other copyrightable items which are part of the System, including the "Phillips RBM (**R**eawakening **B**rilliant **M**inds) curriculum and methodology. While we claim copyrights in these and similar items, we have registered these copyrights with the United States Registrar of Copyrights. 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. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

Confidential Operations Manual

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manual. One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction. The Manual includes our curriculum manual, which may be a separate volume. We have the right to provide the Manual to you in electronic format, such as on a CD-ROM or via a password protected website.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard, at your own expense. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

Confidential Information

You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of your Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it to operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of your Agreement.

At our request, you must have your Administrator and any personnel having access to any of our confidential information sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

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

We recommend, but do not require, that you personally participate in the operation of your Franchised Business and oversee its daily operations. If you do not personally participate in the operation of your Franchised Business, you must hire an Administrator or Director of Admissions for the operation of your Business. Neither you nor the Administrator can have any interest or business relationship with any of our competitors. The Administrator is not required to have an ownership interest in you. We impose the following limitations as to who you may hire as the Administrator: your Administrator must pass our strict background check, your Administrator must be licensed as required by the laws of the state where your Business is located (if applicable), your Administrator must satisfactorily complete our initial training program, and employment of your Administrator must not harm the goodwill associated with the System and the Proprietary Mark (this requirement may affect who you hire as your Administrator). In addition to the Administrator/Director of Admissions, we expect that you will employ at least one teacher and one assistant educator for a basic franchise, or at least two teachers and two assistant educators for an enhanced franchise. All other administrators and employees you hire must pass our strict background checks (see Item 1). If you are not participating in the daily operation of your Business, we will have the right to rely on your Administrator in making decisions and in communications with us.

We have the right to approve the Administrator after training. The Administrator and other key employees must also sign an agreement not to compete with businesses under the System while employed by you and for two years after their employment ends, and an agreement not to reveal confidential information obtained while employed by you. See Item 17 for a description of these obligations.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner. You must learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them. You must make sure that your Franchised Business is adequately staffed with office personnel and teachers. You must also make sure that all teachers are appropriately licensed.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is part of the Franchise Agreement. If we do not require one of your owners to sign the full Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Business solely for the operation of a Village East Gifted Business and clearly to be promoted as a Village East Gifted Business. You must keep your Franchised Business open and in normal operation for the minimum hours and days as we specify, subject to applicable law and/or the terms of your lease. You must not use or permit the use of the Franchised Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in the Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent; and you must stop selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized products and services and there are no limits on our right to make changes.

The System may be periodically supplemented, improved or modified by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

We may designate the maximum prices you may charge for the programs and services your Business offers. We do not guarantee that you will earn any level of sales or profitability by following our pricing requirements or recommendations.

You are restricted by the Franchise Agreement, the Manual and any other practice or custom with respect to the goods or services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, except as described in Item 12.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	Five years
b. Renewal or extension of the term	Section 2.2	Additional renewal terms of five years each, subject to performance of contractual requirements
c. Requirements for franchisee to renew or extend	Section 2.2	You must provide notice that you wish to renew your Franchise Agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your Business; you must sign a release; sign renewal Franchise Agreement; the boundaries of your Territory may be adjusted on renewal You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Not applicable	You may seek to terminate your Franchise Agreement on any ground permitted by law
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Article 12	We may terminate the Franchise Agreement only if you default and do not cure the default (if it is curable). If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate
g. "Cause" defined – curable defaults	Section 12.3	You can avoid termination of the Franchise Agreement if you cure any failure to comply with mandatory specifications in the Franchise Agreement or Manual within 30 days of receiving our notice of termination, or any failure to make payments due us within five days of receiving our notice of termination

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 12.1 and 12.2	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to establish and equip the Business within the time required; make a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Business; use the Manual or other Confidential Information in an unauthorized manner; abandon the Business for five or more consecutive days; surrender or transfer of control of the Business in an unauthorized manner; fail to maintain the Business under the supervision of an administrator after the death or incapacity of one of your owners; an audit shows that you have understated any amounts due by 2% or more; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; continue to violate any health, safety or other laws or conduct the Business in a manner creating a health or safety hazard to students, employees or the public; engage in any activity reserved to us; fail to comply with laws or regulations after notice of non-compliance; repeatedly breach the Franchise Agreement or repeatedly fail to comply with requirements, specifications, standards or procedures; or default under any other agreement between you and us so that we have the right to terminate the other agreement
i. Franchisee’s obligations on termination/non-renewal	Article 13	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Business; stop using any Confidential Information, the System and the Marks; if requested, assign your interest in the Approved Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; pay liquidated damages (if applicable); return the Manual and all other Confidential Information; assign your telephone and facsimile numbers to us; assign any domain name, URL and/or Website to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement
j. Assignment of contract by franchisor	Section 15.1	There are no restrictions on our right to assign our interest in the Franchise Agreement
k. “Transfer” by franchisee – defined	Section 15.2	“Transfer” includes transfer of an interest in the franchise, the Franchise Agreement, the Business’s premises, the Business’s assets or the franchisee entity

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	Section 15.2	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 15.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee; the transferee or its owners have agreed to be personally bound by all provisions of the Franchise Agreement; the transferee has obtained all necessary consents and approvals of third parties; the transferee refurbishes the Business, if we request; you or all of your equity owners have signed a non-competition agreement; and the transferee or its administrator has satisfactorily completed the initial training program before assuming management of the Business
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.6	We may match an offer for your Business or an ownership interest you propose to sell
o. Franchisor's option to purchase franchisee's business	Section 13.7	During the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Business for fair market value
p. Death or disability of franchisee	Section 15.8	After the death or incapacity of one of your owners, their personal representative must transfer, subject to the terms of the Franchise Agreement for assignment and transfer, the owner's interest in the Business within 12 months of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 14.1	You and your owners are prohibited from: attempting to divert any business or customer of the Business to a Competitive Business, or causing injury or prejudice to the Marks or the System, or owning or working for a Competitive Business

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 14.2	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, and administrators are prohibited from: (i) owning or working for a Competitive Business operating within 25 miles of the Approved Location or within 25 miles of any other Business; and (ii) soliciting or influencing any of our (or any Business's) students, other customers, or business associates to compete with us or terminate their relationship with us
s. Modification of the agreement	Section 22.3	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 22.3	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law.) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 21.1	Except for certain claims, all disputes must be mediated and arbitrated in Suffolk County, New York (subject to state law)
v. Choice of forum	Section 21.5	Suffolk County, New York (subject to state law)
w. Choice of law	Section 21.4	New York (subject to state law)

THE MULTI-UNIT DEVELOPER RELATIONSHIP

Provision	Section in Multi-Unit Development Agreement	Summary
a. Length of the franchise term	Section 6	Term of Development Schedule
b. Renewal or extension of the term	Section 5	Not renewable, but you can negotiate a new agreement
c. Requirements for multi-unit developer to renew or extend	Not applicable	
d. Termination by multi-unit developer	Not applicable	You may seek to terminate your Multi-Unit Development Agreement on any ground permitted by law

Provision	Section in Multi-Unit Development Agreement	Summary
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	Section 9	We can terminate if you commit any one of several listed violations
g. "Cause" defined – curable defaults	Section 9	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Business before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Business before a Franchise Agreement for that Business has been signed
h. "Cause" defined – non-curable defaults	Section 9	Failure to meet your Development Schedule; failure to comply with applicable laws; if all of your Businesses stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Multi-unit developer's obligations on termination/non-renewal	Section10	You must stop selecting sites for Businesses, and you may not open any more Businesses
j. Assignment of contract by franchisor	Section 11	No restriction on our right to transfer
k. "Transfer" by multi-unit developer – defined	Section 11	Includes transfer of any interest in the Agreement
l. Franchisor approval of transfer by multi-unit developer	Section 11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for franchisor approval of transfer	Section 11	Conditions for transfer include not being in default, all debts are paid, the buyer meets our current criteria for new multi-unit developers, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations
n. Franchisor's right of first refusal to acquire multi-unit developer's business	Section 11	We have the right to match the offer
o. Franchisor's option to purchase multi-unit developer's business	Not applicable	

Provision	Section in Multi-Unit Development Agreement	Summary
p. Death or disability of multi-unit developer	Section 11	Interest must be transferred to an approved party within 12 months
q. Non-competition covenants during the term of the franchise	Section 12	Can’t divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	Section 12	Includes prohibition on owning or operating business which sells similar services for two years and located within 25 miles of any Business in the System
s. Modification of the agreement	Section 18	No modifications except by mutual agreement of the parties. Revisions to the Agreement will not unreasonably affect your obligations, including economic requirements under the Multi-Unit Development Agreement
t. Integration/merger clause	Section 18	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to state law.) Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be mediated and arbitrated in Suffolk County, New York (subject to state law)
v. Choice of forum	Section 19	Suffolk County, New York (subject to state law)
w. Choice of law	Section 19	New York (subject to state law)

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given 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.

Written substantiation for the financial performance representation will be made available to the franchisee upon reasonable request.

The following tables represent profit and loss statements from our two company owned locations, Village East Gifted, Inc for 2019, 2020 and 2021. These locations offer the same services that your location will offer. There may be other costs and expenses that you will incur related to your operation of a Village East Gifted location which are not incurred by the locations that are owned and operated by us or our affiliate. These additional costs and expenses include continuing fees payable to us, such as Royalty Fees and Advertising Fees

Village East Gifted, Inc.
Profit and Loss
January - December 2021 vs 2020

	2021	2020	Variance
Income	231,463	311,236	(79,773)
Expenses			
Advertising	5,180	10,853	5,674
Bad Debt		3,283	3,283
Bank Charges	3,860	8,179	4,319
Books & Literature			
Computer Supplies & Expenses	2,278	2,691	413
Contributions		40	40
Data Processing	3,142	2,775	(367)
Dues & Subscriptions	737	1,030	293
Insurance	3,174	1,843	(1,331)
Legal & Professional Fees	3,300	3,800	500
Licenses & Permits	150		(150)
Office Expenses	1,396	2,105	709
Outside Services	1,183	1,485	302
Payroll Taxes	4,739	4,628	(111)
Postage		31	31
Rent	95,590	93,205	(2,385)
Repair & Maintenance	2,947	7,328	4,381
Salaries	44,905	46,754	1,849
Stationery & Printing		163	163
Supplies	4,171	9,913	5,742
Telephone	5,543	6,901	1,358
Trade Shows, Fairs & Exhibits		1,376	1,376
X-Mas & Business Gifts		968	968
Total Expenses	182,295	209,350	27,056

Net Operating Income	**49,168**	**101,886**	**(52,717)**
Interest Income	**12**	**12**	**(0)**
Credit Cards - Cash Back	**1,669**		**1,669**
PPP Loan Forgiveness	**17,295**		**17,295**
Depreciation Expense	**(29,077)**	**(23,716)**	**(5,361)**
Interest Expense	**(81)**	**(13)**	**(68)**
NYFST	**(175)**	**(175)**	
Net Income	**38,812**	**77,994**	**(39,182)**

Village East Gifted, Inc.
Profit and Loss
January - December 2020 vs 2019

	2020	2019	Variance
Income	**311,236**	**248,448**	**62,788**
Expenses			
Advertising	10,853	21,823	10,970
Bad Debt	3,283		(3,283)
Bank Charges	8,179	8,525	346
Books & Literature		153	
Computer Supplies & Expenses	2,691	525	(2,166)
Contributions	40		(40)
Data Processing	2,775	2,301	(474)
Dues & Subscriptions	1,030	627	(403)
Insurance	1,843	3,494	1,651
Legal & Professional Fees	3,800	3,800	
Office Expenses	2,105	5,012	2,907
Outside Services	1,485	3,613	2,128
Payroll Taxes	4,628	6,087	1,459
Postage	31		(31)
Rent	93,205	84,851	(8,354)
Repair & Maintenance	7,328	3,214	(4,114)
Salaries	46,754	68,489	21,735
Stationery & Printing	163		(163)
Supplies	9,913	7,188	(2,725)
Telephone	6,901	4,313	(2,588)
Trade Shows, Fairs & Exhibits	1,376	475	(901)
X-Mas & Business Gifts	968	575	(393)

Total Expenses	**209,350**	**225,06**	**15,562**
Net Operating Income	**101,886**	**23,383**	**78,503**
Interest Income	**12**	3	(9)
Depreciation Expense	(23,716)	(9,012)	14,704
Interest Expense	(13)		(13)
NYFST	(175)	(175)	
Net Income	**77,994**	**14,199**	**63,795**

These outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial representation, Village East Gifted Franchise, Inc does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tobi Phillips at 12 Doti Court, Huntington, New York 11743 or (631)549-2313, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2019, 2020, 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned*	2019	2	2	0
	2020	2	2	0
	2021	2	2	0
Total Outlets	2019	2	2	0
	2020	2	2	0
	2021	2	2	0

* The Company-Owned Outlets in the above chart are owned and operated by our Affiliate, as described in Item 1.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019, 2020, 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table No. 3
Status of Franchised Outlets
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
None	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For years 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
New York	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
Total	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2

* The Company-Owned Outlets in the above chart are owned and operated by our Affiliate, as described in Item 1.

Table No. 5
Projected Openings as of December 31, 2021

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	0	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit E to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Village East Gifted System.

There are no trademark-specific organizations formed by our franchisees that are associated with Village East Gifted System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit F is our audited financial statement as of December 31, 2019 , December 31, 2020 and December 31, 2021.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The Franchise Agreement is attached to this Disclosure Document as Exhibit C.
The Multi-Unit Development Agreement is attached to this Disclosure Document as Exhibit D.
The Form of General Release is attached to this Disclosure Document as Exhibit G.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

Exhibit A to the Village East Gifted Disclosure Document

AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

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, Village East Gifted Franchise Inc, has 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 Village East Gifted Franchise Inc, has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Agency	Agent for Service of Process
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

Exhibit B to the Village East Gifted Disclosure Document

STATE SPECIFIC ADDENDUM TO THE DISCLOSURE DOCUMENT

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), 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.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), 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.

Exhibit C to the Village East Gifted Disclosure Document

FRANCHISE AGREEMENT

VILLAGE EAST GIFTED FRANCHISE INC

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE

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VILLAGE EAST GIFTED FRANCHISE INC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into on this ___ day of _____________, 20___, between Village East Gifted Franchise Inc, a New York corporation with its principal office at 12 Doti Court, Huntington, New York 11743 ("we", "us" or "our"), and ____________ _____________, a(n) _____________________________, with its principal place of business located at __________________________________ and _____________________________'s principal(s) _______ _________________, an individual residing at _____________________________ and_______________ __________, an individual residing at _____________________________ ("Principal(s)"). _____________ _______ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

W I T N E S S E T H :

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a business under the name and mark "Village East Gifted" that offers highly creative, academically rigorous curriculum in all academic subjects for gifted students ages 4 to 15 (the "Business" or "Franchised Business"). The products and services authorized by us to be offered and sold at each Franchised Business shall be referred to herein as the "Approved Products and Services". We offer franchises for a basic Business, which includes __________________, and an enhanced Business, which includes _______________. All references herein to a "Business" or "Franchised Business" shall be deemed to include both basic and enhanced Businesses;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Village East Gifted" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks");

WHEREAS, you wish to obtain the right and license from us for the use of our System and Proprietary Marks, and in association therewith to own and operate a Franchised Business at the location identified in Attachment 2 hereto (hereinafter referred to as the "Approved Location"), and you understand and accept the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain our high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the System and the Proprietary Marks; and

WHEREAS, we have the sole and exclusive right to the goodwill associated with the System and the Proprietary Marks and are willing to grant the right and license to you, on the terms and conditions herein contained, to use the System and the Proprietary Marks; and

WHEREAS, you desire to obtain a franchise to use the System and the Proprietary Marks at the Approved Location, pursuant to the provisions hereof, and you have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of your own choosing and you represent and warrant that you have the business experience and financial ability to operate a franchise; and

WHEREAS, you acknowledge that you have read this Agreement and our Franchise Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all Franchised Businesses and to protect the goodwill of the Proprietary Marks; and

WHEREAS, we expressly disclaim the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied upon any such warranty or guarantee; and

WHEREAS, you acknowledge that you have no knowledge of any representations by us, our officers, directors, shareholders or representatives about the franchise offered hereunder, about us or our franchising programs and policies that are contrary to the statements in our Disclosure Document or to the terms of this Agreement; and

WHEREAS, you acknowledge that this Agreement places detailed and substantial obligations on you, including strict adherence to our reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, management methods, merchandising strategies, sales promotion programs and related matters. You acknowledge that future improvements, changes and developments in the System may require additional expense to be undertaken by you.

BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1
GRANT OF FRANCHISE

1.1 Grant

Subject to the terms, conditions and limitations elsewhere in this Agreement, we hereby grant to you a non-exclusive right and license to use the System, the Proprietary Marks and to market, sell and provide the Approved Products and Services in accordance with the System within the territory described in Attachment 2 hereto ("Territory"). The Approved Products and Services are the only products and services authorized to be offered and sold at the Franchised Business.

1.2 Location

The right and license granted in Section 1.1 hereof shall be restricted solely and exclusively to use on and from the Approved Location and within the Territory. During the term of this Agreement, the Approved Location shall be used exclusively by you and solely for the purposes permitted by this Agreement. In the event that, prior to the termination of the franchise hereunder, the lease or sublease should expire or terminate without your fault, or if the Approved Location should be destroyed or otherwise rendered unusable for the purposes hereof, or if the Approved Location should be expropriated or you otherwise lose possession thereof without your fault, you shall be entitled to relocate the Franchised Business to another Approved Location acceptable to us, provided that:

(a) we have first given our written consent to such relocation and new site;

(b) the new Approved Location shall be developed by you in the same manner as described in Article 3 hereof solely at your costs; and

(c) the new Approved Location is located within your Territory.

1.3 Non-Exclusivity

The franchise and license granted to you by this Agreement are non-exclusive and we shall have, at all times throughout the term of this Agreement and any renewals hereof, outside of your Territory, the unqualified right to open and operate, or to franchise and license others to open and operate, businesses utilizing the System.

1.4 Limitations on Sale

This license does not include any right to sell any product or service at wholesale or the right to sell any product or provide any service at or from any location except from the Approved Location. You shall not engage in any promotional activities or sell products or services that are similar to the products and services you are authorized to sell hereunder, whether directly or indirectly, through the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. You are prohibited from selling any merchandise through a website and/or over the internet, which right is reserved solely to us. You understand and acknowledge that we are not required to share any portion of the revenue generated from internet sales, even if the order is delivered to an address within your Territory.

You are not otherwise restricted as to the customers to whom you may sell the Approved Products and Services.

1.5 Rights Reserved to Us

We reserve the right to establish or operate, or license any other franchisee to establish or operate, a Franchised Business under the System at any location outside of your Territory. We (and any affiliates that we periodically might have) reserve the right:

(a) to establish and operate, and grant rights to other franchise owners to establish and operate, Franchised Businesses or similar businesses at any locations and on any terms and conditions we deem appropriate outside of your Territory;

(b) to sell any products and related services identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Proprietary Mark or other trademarks or service marks through any distribution channels we think best (including the Internet), anywhere; and

(c) to engage in any other business activities not expressly prohibited by this Agreement.

1.6 Regional and National Accounts

We reserve the right to maintain a Regional or National Account program. A Regional or National Account is a customer that has offices and employees in multiple areas. You may not negotiate any contract terms with a prospective Regional or National Account. We will have sole discretion to negotiate terms with the Regional or National Account. We anticipate that you will participate in the Regional and National Accounts program, which will require you to provide products and services to the employees of the Regional or National Account according to the agreement we have negotiated. For example, we may negotiate an agreement with a regional or national company that will offer the company's employees to receive discounted pricing from all Village East Gifted Businesses.

If you choose not to participate in the Regional and National Account program, or if you are unable or unwilling to provide products and services to the Regional and National Account employees as requested, we, our affiliate or a third party (which may be another franchisee) may service the Regional or National Account, and you are not entitled to any portion of the revenue in these circumstances. We also reserve the right to terminate your participation in the Regional and National Account program if you are not providing products and services according to the terms we have negotiated or your participation is not otherwise in compliance with our policies.

ARTICLE 2
TERM AND RENEWAL

2.1 Initial Term

This Agreement, unless terminated earlier as hereinafter provided, shall remain in force for an initial term of five (5) years commencing on the date of this Agreement ("Initial Term").

2.2 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term of this Agreement) to renew the franchise hereunder for additional periods of five (5) years, if the following conditions are met:

2.2.1 you have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

2.2.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

2.2.3 you are able to maintain possession of the Approved Location for the Franchised Business (or at relocated premises pursuant to Section 1.2 hereof) pursuant to a lease reasonably acceptable to us;

2.2.4 you refurbish, upgrade and/or renovate your Franchised Business as we require in order that your Franchised Business will meet our then-current standards and image for Village East Gifted Businesses;

2.2.5 the landlord of the Approved Location consents to a renewal or extension of the lease;

2.2.6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any parent or affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

2.2.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders, except in respect of those claims which cannot be released at law;

2.2.8 when you provide us with notice that you would like to renew this Agreement, we will re-evaluate your then-current Territory to determine whether there have been any shifts in demographics that would warrant modifying your Territory. Such demographic shifts include, but are not limited to, changes in population and median income. Our intent in doing such re-evaluation of your Territory is to make the target demographics of your Territory upon renewal similar to the target demographics of your original Territory. You understand and acknowledge that although we will use our best efforts to ensure that the demographics included in your renewal Territory are similar to the original Territory, (a) your total Territory size upon renewal may be smaller or larger than your original Territory; (b) we cannot guaranty that your renewal Territory will provide you with the same or similar results as with your original Territory; and (c) we make no guaranty that the demographics included in your renewal Territory will earn you any particular level of success.

2.3 Refusal to Renew Franchise Agreement

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

2.4 Renewal Under Law

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

2.5 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within thirty (30) days after we have delivered them to you.

ARTICLE 3
APPROVED LOCATION

3.1 Location of Franchised Business

If a site for the Franchised Business has not been specified at the time you execute this Agreement, you shall use your best efforts and proceed with diligence to obtain and designate a location for the Franchised Business within a designated geographic area, which location shall be subject to our written acceptance and approval. The designated geographic area in which you shall locate a suitable site will not necessarily be the same as your Territory. Within forty-five (45) days after this Agreement is signed, you must provide to us such information concerning a proposed site that we require, including, but not limited to, photographs of the site, dimensions of the building, maps, and evidence of your favorable prospects for obtaining the site, such as a letter of intent or a lease from the landlord. We will have fifteen (15) days after receipt of all required information to notify you whether such location is accepted and approved.

Upon our acceptance and approval of a location, we and you shall execute a Location Acceptance Statement in the form of Attachment 2 hereto, which shall be deemed to be incorporated herein and made a part of this Agreement, and we shall designate your Territory on such Attachment. You acknowledge that the location of the Franchised Business is a major factor in the Franchised Business's potential for success, and accordingly we may reject any proposed location in our sole discretion. You also acknowledge that the acceptance and approval by us of any location shall not in any way be deemed to be a guarantee, warranty or any other assurance (express or implied) of the success of your Business at such location. Our approval of a location only means that such location meets our minimum specifications for a Franchised Business site. In the event a mutually agreeable site for the Franchised Business has not been located within forty-five (45) days after your execution of this Agreement, we may provide you with an extension of this timeframe or we may terminate this Agreement.

3.2 Lease of Approved Location of Franchised Business

After we have approved the site you have selected, you must sign a lease for the approved site within fifteen (15) days. We reserve the right to review and approve the lease for the Approved Location, which approval shall not be unreasonably withheld. If the Franchised Business is to be leased or subleased by you from an entity or person affiliated in any way with you, the terms of the lease, including the financial terms, shall be comparable to the fair market terms of similar leases in the appropriate geographic area. We may reject any lease which does not include terms and conditions reasonably acceptable to us (and terms and conditions not acceptable to us may include, without limitation, those which we do not believe are comparable to fair market terms of similar leases in the appropriate geographic area). In addition, concurrently with the execution of such lease, you and your landlord shall execute and deliver to us a "Collateral Assignment of Lease" in form and substance as provided for in Attachment 3 attached hereto.

3.3 Development of the Approved Location

We will provide you with a generic floor plan for a Village East Gifted Business. If you must have blueprints prepared for the build-out of your Franchised Business, such blueprints must be reviewed and approved by us before construction begins. You understand and acknowledge that our review is only intended to verify that our specifications have been met and for presentation of the Proprietary Marks and our review is not intended to assess or verify compliance with any applicable law, ordinance or building code. Compliance with all applicable laws, rules, regulations and building codes is solely your responsibility. You may not use any plans unless they have been approved by us, and any changes to such plans must also be approved by us.

You shall install in and about the Franchised Business such equipment, including computer equipment, recording equipment, fixtures, furnishings, furniture, interior and exterior signs, and other personal property as are required and which strictly conform to the appearance, uniform standards, and specifications of us or the System existing from time to time (hereinafter sometimes referred to collectively as "equipment and furnishings"). We shall furnish you with lists and specifications of the approved equipment and furnishings which are required to outfit and furnish the Franchised Business in accordance with our image and standards. We shall have the right to inspect all equipment and furnishings and their installation to assure your compliance with our standards and specifications.

3.4 Opening for Business

You shall open the Franchised Business for business as follows:

(a) If the location requires the installation of Improvements (as hereinafter defined), then you shall open the Franchised Business for business upon completion thereof; provided, however, that you shall not delay the completion of the Improvements; and provided further, that (subject only to force majeure) you shall open the Franchised Business for business not later than three (3) months after you sign this Agreement.

(b) If the location does not require the installation of Improvements, then you shall open the Franchised Business as soon as practicable after receiving possession of the Franchised Business Approved Location; provided, however, that you shall not delay taking delivery of possession.

(c) In the event the Franchised Business is not open for business on or before the time provided for above, we may provide you an extension of this timeframe or we may terminate this Agreement.

(d) For purposes of this Section 3.4, "Improvements" shall mean and include all improvements necessary or required to operate a Franchised Business including, but not limited to, electrical, plumbing, and carpentry work, floor treatment, structural modifications including walls, wall treatments, heating, ventilating, and air conditioning, ceiling, and sheet metal work. We reserve the right to inspect your Franchised Business and all Improvements before the Franchised Business opens.

(e) In no event shall the Franchised Business be opened for business until: (i) all your obligations under this Section 3.4 have been fulfilled; (ii) we determine that the Franchised Business has been constructed, decorated, furnished, equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (iii) the initial training program has been completed to our satisfaction by all required persons; (iv) all amounts due to us have been paid; (v) you have furnished us with all Certificates of Insurance required by Article 11 herein; (vi) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of the Franchised Business; and (vii) you are in full compliance with all the terms of this Agreement.

ARTICLE 4
FEES AND REPORTING

4.1 Initial Franchise Fee

In consideration of the grant of this license, you shall pay to us a non-recurring initial franchise fee for either the Basic or Enhanced Franchised Business hereunder in the amount of Twenty-Four Thousand Nine Hundred Dollars ($24,900), or Nineteen Thousand Nine Hundred Dollars ($19,900) for either School Based Franchised business or Nineteen Thousand Dollars ($19,000) for a Virtual Franchise, payable in a lump sum or in installments upon execution of this Agreement. The initial franchise fee shall be deemed to have been fully earned by us upon execution of this Agreement and is not refundable under any circumstances.

4.2 Royalty Fee

In further consideration of the grant of this license, you shall pay to us on the tenth (10^{th}) day of each month during the term of the Agreement a non-refundable royalty fee ("Royalty Fee") equal to eight point five percent (8.5%) of the Gross Sales (as defined below) of your Franchised Business. All Royalty Fees and other fees payable hereunder shall be made by electronic funds transfer or automatic debit of funds, by check, or by another method determined by us, in our sole discretion. If the tenth (10^{th}) day of any month is not a business day, then payment shall be due on the next business day.

4.2.1 If we elect to require payment by electronic funds transfer, you shall sign and deliver to us any documents required by us, our bank and/or your bank to authorize us to debit your bank account automatically for the Royalty Fee and other amounts due under this Agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date.

4.2.2 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.2.3 You shall provide to us each month, not later than the fifth (5^{th}) day of each month, a report of the Gross Sales of your Franchised Business for the previous calendar month, in the form and containing such information as we shall require. You understand and acknowledge that our right to access your computer system to obtain Gross Sales information does not negate your responsibility to provide us with the required report of Gross Sales.

4.2.4 If you do not report the Business's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee (described below) that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the amount you actually owe us, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the amounts you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month.

4.2.5 If you open your Franchised Business on or after the 25^{th} day of any month, the Royalty Fee for that month will be waived. By way of example only, if you open your Business on January 25^{th}, no Royalty Fee will be due for Gross Sales achieved between January 25^{th} and January 31^{st}. Your first Royalty Fee payment in March will be for Gross Sales achieved in February.

4.3 Brand Development Fee

Recognizing the value of uniform national and regional marketing and promotion of the System, you, in further consideration of the grant of this license, agree to pay to us a non-refundable Brand Development Fee to the Brand Development Fund in an amount equal to one percent (1%) of the Gross Sales of the Franchised Business. The Brand Development Fee is payable at the same time and in the same manner as the Royalty Fee described above.

We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Brand Development Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Development Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee.

4.4 Definition of "Gross Sales"

As used herein, "Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business, whether by check, cash, credit or otherwise and including all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid to the taxing authority, and (c) the value of any allowance issued or granted to any customer of the Franchised Business that you credit in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business.

4.5 Insufficient Funds Fee

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to Seventy-Five Dollars ($75). This fee is in addition to interest on any overdue amount, as described in Section 4.6 below, and any fees charged by your bank. If you incur three (3) insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.

4.6 Interest on Overdue Payments

To encourage prompt and timely payment of Royalty Fees and Brand Development Fees and to cover the costs and expenses involved in handling and processing any payments not received by their due dates, you shall also pay, upon demand, a late payment charge in an amount equal to the lesser of: (i) one and one-half percent (1.5%) per month; or (ii) the highest rate permitted by law. Such charge shall accrue from the date payment was due until the date payment is actually received by us. Notwithstanding the foregoing, each failure to pay Royalty Fees, Brand Development Fees, or other payments payable to us when due will be a material breach of this Agreement.

4.7 Application of Payments

We shall have sole discretion to apply any payments received from you to any past due indebtedness of yours for Royalty Fees, Brand Development Fees, purchases made from us or our affiliates, late payment charges or any other indebtedness of you to us or our affiliates.

4.8 Bookkeeping, Accounting and Records

You shall use a bookkeeping, accounting, inventory control, and record-keeping system for the business of the Franchised Business that is approved by us, including, but not limited to, the chart of account and statement formats we specify. You shall retain all invoices, order forms, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursements journals showing cash in and out of the Franchised Business, and general ledgers. You shall keep such original documents at the Franchised Business throughout the term of this Agreement, and for at least three (3) years thereafter, at a location of which we shall be kept advised, unless we give written permission to dispose of such records.

4.9 Reports and Tax Returns

You shall furnish to us throughout the term of this Agreement, in the form and in the manner from time to time prescribed by us and in addition to the monthly Gross Sales report described above:

(a) on or before the twentieth (20^{th}) day of each month, an income statement for the Franchised Business for the preceding calendar month via facsimile or electronic transmission;

(b) within thirty (30) days after the documents referred to in Section 4.10 hereof are filed, an exact copy of all returns, schedules and reports filed by you for income, corporate or sales tax purposes;

(c) within twenty (20) days after the end of each quarter, an income statement and balance sheet for the previous calendar quarter;

(d) by April 15^{th} of each year, an unaudited balance sheet, statement of profit and loss and source and application of funds for the previous calendar year, prepared by an independent accountant and verified by your statutory declaration as to the information furnished to such accountant; and

(e) such other reports, statements, sales slips, order forms, records, calculations and indices as we may, from time to time, require.

Notwithstanding the above, we shall have the right to communicate directly with your computer system and to poll the same on a daily or weekly basis, as determined by us from time to time. You shall be required to maintain a high speed internet connection at all times during the term of this Agreement. You shall also take all required steps and install all required hardware and/or software to allow us to electronically access your computer system. You understand and acknowledge that (i) there are no limitations on our right to access your system, (ii) there are no limitations on the information we may download or otherwise retrieve from your system, and (iii) we may use any information downloaded or retrieved from your system in any manner we choose, without compensation to you.

We reserve the right, upon advance notice to you, to change the frequency of any report required hereunder.

4.10 Audited Statements

If we, in our sole discretion, determine that any report, financial statement, tax return or schedule furnished by you understates the revenues of the Franchised Business, distorts any other information or is incomplete, unclear or misleading, we shall have the right to require you to furnish audited annual financial statements for that year at your sole cost and expense, with such statements being prepared in accordance with generally accepted accounting principles consistently applied.

4.11 Our Right to Audit

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Franchised Business. You shall make such books and records available to us or our designees immediately upon request. If any required Royalty Fee or other payment due to us is delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.6. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition to paying such understated amount plus applicable interest, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

4.12 Information from Others

You hereby authorize us to make reasonable inquiries of your bank, credit reporting agencies, suppliers and trade creditors concerning the business of the Franchised Business and you hereby direct such persons and companies to provide to us such information as we may request.

4.13 Inspection

We or our representatives or agents shall have the right at any time during normal business hours, and without prior notice to you, to enter and inspect the Approved Location and all aspects of the operation of the Franchised Business together with all records, books of account, tax returns and other documents and materials in your possession or under your control relating to the business of the Franchised Business, you and the subject matter and terms of this Agreement, including, without limitation, all records of yours required to be maintained pursuant to applicable law, to ascertain that you are operating the Franchised Business in accordance with the System and the terms of this Agreement. We or our representatives or agents shall be allowed to make extracts from or copies of any such material without any liability to us. In the event that we give notice to you of any deficiency detected during such inspection, you shall diligently correct such deficiency as soon as possible, but in any event within five (5) days after receipt of such notice. If you fail to correct such deficiency within such five (5) day period, we shall have the right (but not the obligation) to correct such deficiency on your behalf and at your sole expense, and in such case you shall reimburse us for all costs incurred by us (including, without limitation, a reasonable charge for the time of any of our personnel) in connection therewith.

4.14 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 5
ADVERTISING AND PROMOTION

5.1 Grand Opening Advertising Campaign

During the period comprising sixty (60) days before your Franchised Business opens and thirty (30) days after your Franchised Business opens, you shall expend between $9,000 and $11,000 on a grand opening advertising campaign to promote the opening of your Franchised Business. We must approve of your grand opening advertising campaign before you conduct it and we may require that your grand opening advertising campaign include specific promotions.

5.2 Brand Development Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right to establish, maintain and administer a brand development fund (hereinafter referred to as the "Fund"). You shall contribute the Brand Development Fee, described in Section 4.3 above, to the Fund each month. The Fund shall be used for such national and regional marketing programs as we may deem necessary or appropriate, in our sole discretion, as follows:

(a) we shall direct all national and regional advertising programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the System and the Proprietary Marks for the benefit of all Franchised Businesses operating under the System, and that we undertake no obligation in administering the Fund to ensure that expenditures from the Fund are proportionate or equivalent to your contributions made for your Franchised Business, or that any particular Franchised Business or franchisee benefits directly or pro rata from the placement of any such advertising;

(b) you agree that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional marketing materials, programs and public relations activities including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; employing advertising agencies to assist with advertising; providing promotional brochures; conducting market research; and providing other marketing materials to Franchised Businesses. The Fund shall be accounted for separately from our other funds, and shall not be used to defray any of our general operating expenses, except that we may reimburse ourselves for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund related activities and overhead expenses) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). We reserve the right to include the phrase "Franchises Available" and our contact information on all advertising conducted by the Fund;

(c) an unaudited statement of the operations of the Fund shall be prepared annually by our accountants and shall be made available to you upon your written request. The cost of the statement shall be paid by the Fund. We retain the right to have the Fund audited, at the expense of the Fund, by an independent certified public accountant selected by us. Except as expressly provided in this Section 5.2, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund;

(d) for each Franchised Business owned by us and/or our affiliates, we and our affiliates will pay the Brand Development Fee on the same basis as our franchisees;

(e) we may spend in any fiscal year an amount greater or less than the aggregate contribution of all Village East Gifted Businesses to the Fund in that year and the Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. Any monies remaining in the Fund at the end of any fiscal year will be carried over to the next year; and

(f) we reserve the right to terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent on advertising and marketing promotions. If we terminate the Fund, we have the right to reinstate it at any time, and any reinstated Fund will be maintained as described above.

5.3 Local Advertising and Promotions

You agree to conduct local advertising and promotions within your Territory and to spend not less than Two thousand dollars ($2,000) or one point five percent (1.5%), whichever is greater, of Gross

Sales each month on advertising and promotion of your Franchised Business. Not later than the fifth (5th) day of each month, you must provide us with a report of your local advertising expenditures for the previous calendar month, including verification copies of advertising conducted.

All advertising, marketing or promotion that you wish to use should be created and implemented with respect to the highest ethical standards, be presented in a clear and factual way, should not be misleading to the consumer in any way, and should adhere to all local, state and federal laws. Any marketing that has not been furnished by us or that we have not approved within the preceding twelve (12) months must be submitted to us for our review. If we do not provide our approval of the proposed materials within fifteen (15) days of receipt, the materials are deemed not approved. You are strictly prohibited from using marketing or promotional materials of any kind that have not been approved by us. Any marketing or promotional materials you provide to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. The approval process described in this paragraph also applies to proposed marketing to be used by advertising cooperatives, as described in Section 5.4.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. You may not directly solicit customers outside of your Territory.

You must display the Proprietary Marks in the manner prescribed by us on all signs and all other advertising and promotional materials you use in connection with the Franchised Business. We reserve the right to require you to include certain language on all advertising to be used locally by you, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or website address.

5.4 Advertising Cooperatives

We may, in our discretion, create a regional advertising cooperative ("Cooperative") in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Territory is located. In no event may the Franchised Business be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. You shall contribute such amounts at the times and in the manner as determined by a vote of the Cooperative members. Any funds contributed to a Cooperative will be credited against your local advertising obligation; provided, however, that if your contributions to a Cooperative are less than your local advertising requirement, you shall nevertheless spend the difference locally. Any Businesses owned and operated by us or our affiliates will participate in Cooperatives on the same basis as our franchisees, and will have the same voting rights as franchisees. The following provisions apply to each Cooperative:

(a) the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

(b) the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval as described in Section 5.3, standardized promotional materials for the members' use in local advertising within the Cooperative's area;

(c) the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

(d) except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each franchisee having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Franchised Businesses owned;

(e) without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 5.3; and

(f) if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

5.5 Website; Intranet; Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electronic commerce that we establish or maintain, including any software or mobile applications that we develop, may – in addition to advertising and promoting the products, programs or services available at Village East Gifted Businesses – also be devoted in part to offering Village East Gifted franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Village East Gifted" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, FourSquare, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business' operation, including prohibitions on your and your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, FourSquare, Instagram and SnapChat, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

5.6 Advisory Councils

We may, in our discretion, form an advisory council to work with us to improve the System, the products and services offered by Village East Gifted Businesses, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. If we choose to form an advisory council, its members will be made up of franchisees and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees. If you participate on an advisory council you must pay for any expenses related to your participation, including travel, lodging and meals expenses related to attending advisory council meetings. We will have the right to form, change, merge or dissolve any advisory council.

5.7 Participation in Advertising; Brand Development Programs

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Businesses operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program, which programs may be in addition to your participation in other marketing programs described in this Article 5, including local advertising and the Fund. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you. Any promotional program you elect to conduct must be pre-approved by us in the manner described in Section 5.3 above, unless we have devised the promotional program. You shall bear all costs related to any promotional programs we require, including without limitation labor, marketing materials, furniture, and/or equipment costs.

We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Franchised Business, along with other Businesses, will be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Franchised Business. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees, Brand Development Fee or local advertising expenditure obligations under this Agreement.

ARTICLE 6
TRAINING AND TECHNICAL ASSISTANCE

6.1 Administrative Responsibility

It is agreed that at all times during the term of this Agreement, either you or your Administrator shall:

(a) devote full time, attention and effort to the active management and operation of the business of the Franchised Business;

(b) irrespective of any delegation of authority, not inconsistent with clause (a), reserve and exercise ultimate authority and responsibility with respect to the management and operation of the business of the Franchised Business; and

(c) represent you and act on your behalf in all dealings with us.

If two (2) or more individuals are named in this Section, each of them shall fulfill the requirements of clause (a) and both or all of them shall jointly fulfill the requirements of clauses (b) and (c). If you will not participate in the daily operation of your Franchised Business, the Administrator you designate must be approved by us and must complete our initial training program to our satisfaction.

6.2 Initial Training Program; Opening Assistance

Before your Franchised Business is opened for business, we shall make available to you, your Administrator and up to three (3) additional trainees (for a maximum of five (5) trainees) a training program which you and Administrator must successfully complete not later than thirty (30) days prior to the scheduled opening of the Franchised Business. If you request that we provide our initial training program to other trainees, either before your Franchised Business opens or while it is operating, you agree to pay our then-current training fee for each additional trainee. Such training program shall be held at our headquarters or at such other place as may be specified by us. All costs and expenses incurred by you and any other trainees related to such training program (including, without limitation, the cost of travel, lodging, meals and applicable wages) shall be paid by you. If we determine that you or your Administrator cannot or have not completed the training program to our satisfaction, we reserve the right to terminate this Agreement or we may permit such person to re-take our training program, at your expense. If such person fails to complete the training program to our satisfaction a second time, we may terminate this Agreement. If any Administrator is no longer employed by you, you must enroll a replacement in our training program, at your expense, within thirty (30) days after the first person's employment ends.

In addition to our training program, we will send you one (1) of our representatives to provide up to five (5) days of on-site opening assistance. Opening assistance is provided at our expense, but if you request additional days of opening assistance, you must pay our then-current training fee for each additional day of opening assistance and you must reimburse our representative's additional expenses for the extra days. If this Agreement is for your second (2^{nd}) or later Franchised Business, we reserve the right to provide fewer days of opening assistance, or to not provide opening assistance.

6.3 Additional On-Site Assistance or Training

At your request or if we determine it is necessary based on an inspection or review of your Business, and subject to the availability of our personnel, we will also provide you with additional assistance or training on-site at your Franchised Business. You must pay our then-current per diem fee for each of our representatives providing the additional assistance or training for each day such assistance or training continues. You must also reimburse all expenses for travel, lodging and meals incurred by our representatives.

6.4 Ongoing/Refresher Training and Franchisee Meetings

(a) In addition to our training program and any on-site assistance or training you may request, we may provide periodic refresher training programs or seminars which we may designate as mandatory for you and/or your Administrator. We will determine the topic(s) and agenda for each ongoing training program or seminar. You must pay our then-current training fee as well as all travel costs, lodging, meals, and employees' salaries incurred in connection with attendance at this training. If training is provided at your Business, you must reimburse our representative's expenses, including travel, lodging, and meals.

(b) In our sole discretion if we determine it is prudent, we may also hold regional or national franchisee meetings to discuss ongoing changes in the industry, operational techniques, new programs, service developments, personnel training, bookkeeping, accounting, and advertising programs. We may designate that attendance at a convention is mandatory for you and/or your Administrator. You must pay our then-current, per person fee for each attendee from your Franchised Business, as well as all of the travel and living expenses for your attendees. These meetings will be held at our corporate headquarters or at another location chosen by us, but we will not specify an unreasonably expensive location.

6.5 Hiring and Training of Your Employees

You shall hire and train, at your expense, except as may be set forth in Section 6.2, all employees of the Franchised Business, and shall be exclusively responsible for the terms of their employment and compensation. You shall not employ anyone who refuses or fails to complete the initial training program or who fails to pass the required background check. You shall at all times maintain a sufficient number of trained employees to service your customers.

All Administrators must have successfully completed the training program conducted by us as well as any other training programs that we may reasonably require. Administrators may have an ownership interest in the Franchised Business, in your discretion. All Administrators must be appropriately licensed and certified, as may be required by your state.

All instructors you hire must be properly licensed and certified. All employees you hire, including instructors, must pass a strict background check. All required licenses and certifications for your instructors must be maintained during the term of this Agreement.

6.6 Operating Assistance

We shall make available to you such operating assistance and training on a continuing basis as we consider appropriate and which may consist of advice and guidance with respect to:

(a) methods and procedures for the offer, sale and provision of the Approved Products and Services;

(b) such additional services and products as we may approve, from time to time, to be used or offered for sale by Franchised Businesses;

(c) formulating and implementing advertising and promotional programs using such merchandising, marketing and advertising research data and advice as may, from time to time, be developed by us and deemed by us to be helpful in the operation of the Franchised Business;

(d) the establishment and implementation of administrative, bookkeeping, accounting, inventory control and general operating procedures for the proper operation of the Franchised Business; and

(e) the operation, cleanliness and efficiency of the Franchised Business.

ARTICLE 7
<u>OUR DUTIES</u>

7.1 Our Duties

During the term of this Agreement, we shall, at our expense, offer to you the following:

(a) an initial training program in System standards, specifications, methods and techniques as provided for in Section 6.2 hereof;

(b) upon your request such periodic continuing individual or group advice, consultation, and assistance, rendered in person, by periodic correspondence (electronic or otherwise), or by periodic telephone or written communications made available from time to time to all franchisees of the System, as we may deem necessary or appropriate to assist you in conforming to the requirements of the System. Such continuing advice may include, but not be limited to, such topics as products and services to be offered to customers, improvements and developments in operating a Franchised Business, and administrative, bookkeeping, accounting and inventory control procedures;

(c) subject to Section 10.1 hereof, to lend to you one (1) copy of the Confidential Operations Manual and any other Copyrighted Works (as defined below) designated for use with the System, as well as such additions and modifications thereto as we may, in our sole discretion, issue from time to time; and

(d) new, modified or supplemented standards for the System that, in our sole discretion, are beneficial or necessary to maintain the uniformity and goodwill of the System utilized by all Franchised Businesses.

7.2 Products and Services

Upon request and at your expense, we shall offer to you, during the term of this Agreement, any of the following services and products which we are then offering to other franchisees and on the same terms and conditions:

(a) supplies of signs, equipment, accessories, printed business forms and other materials and supplies used in the operation of the Franchised Business and/or a list of approved suppliers for such items;

(b) on-site assistance by a person employed or retained by us at mutually convenient times, as set forth in Section 6.3 hereof; and

(c) periodic supplemental training and/or franchisee meetings, as set forth in Section 6.4 hereof.

7.3 System Maintenance

We shall continue our efforts to maintain uniform standards of quality, cleanliness, appearance and service at all Franchised Businesses in the System, to promote, protect and enhance the public image and reputation of the System, and to increase the demand for the services and products offered by all System franchisees and to that end we shall:

(a) in our sole discretion, administer the Fund for national and regional marketing and promotion, subject to the provisions of Section 5.2 hereof;

(b) review all materials prepared by you for use in local advertising and promotion pursuant to Section 5.3 hereof; and

(c) conduct periodic inspections of the services and products provided to the public by your Franchised Business.

7.4 Pricing

Where permitted by applicable law, we may provide you written advice regarding the maximum prices which you may charge your customers for Approved Products and Services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit. You are obligated to inform us of all prices charged for products sold by you and to inform us of any modifications of your prices. We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law. These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Business; recommending retail prices; advertising specific retail prices for some or all programs, products or sold by your Store, which prices you agree to observe (sometimes known as “price point advertising campaigns”); engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as “buy one, get one free”); and otherwise mandating, directly or indirectly, the maximum retail prices which your Business may charge the public for the programs, products and services it offers. We may engage in any such activity at any time throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum prices we establish or suggest may or may not optimize the revenues or profitability of your Business. You entirely waive any and all claims related to our establishment of prices charged at your Business.

ARTICLE 8
YOUR DUTIES

In order to maintain the high quality and uniform standards associated with the System and the Proprietary Marks, and to promote and protect the goodwill associated therewith, you shall perform the following duties.

8.1 Compliance with Standards and Specifications

You shall at all times comply strictly, and cause the Franchised Business to comply strictly, with all of our standards, specifications, processes, procedures, requirements and reasonable instructions regarding the operation of the Franchised Business, whether they now exist or are hereafter established from time to time. You shall adopt as a standard for performance and operation of your Franchised Business our standards and conform to all specifications relating to construction, décor, design, equipment, packaging, products, services, uniforms, signs, displays or decorations, and other identifying materials, uniform record keeping practices, days and hours of operation and such other matters as may be in any administrative bulletins, and other confidential manuals or materials developed by us, or otherwise, as any of same may be modified from time to time by us. To insure the conformance and compliance by you with our standards of performance, you will permit us, our officers, employees and designated representatives to enter your Franchised Business at any time and from time to time to conduct an inspection to ascertain whether or not the uniform standards are being met.

The Franchised Business and everything located therein must be maintained in first-class condition and repair and must be kept clean, neat and sanitary. It must be adequately lighted and must be operated in a clean, wholesome and sanitary manner consistent with our requirements. All maintenance, repairs and replacements requested by us or needed in connection with the Franchised Business must be made promptly. All of your employees must be clean and neat and must wear the required uniform, if any, at all times. Mandatory specifications, standards, and operating procedures prescribed from time to time by us, or otherwise communicated to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" includes all such mandatory specifications, standards and operating procedures.

8.2 Maintenance of Approved Location

You shall at all times keep and maintain the Approved Location and the equipment and furnishings in a neat, clean, orderly and sanitary condition, and the equipment and furnishings in good repair and maximum working condition. In connection therewith, you shall from time to time abide by any reasonable requirement of ours with regard to the remodeling and upgrading of the Franchised Business to comply with standards then applicable to new "Village East Gifted" Businesses. The interior of the Franchised Business shall be renewed or repainted as necessary, but in any event not less frequently than every five (5) years, in accordance with our then-current standard color schemes and standards, or within said five (5) year period if reasonably required by us or the lease for the Approved Location. If at any time during the Initial Term or any renewal thereof any of the equipment and furnishings become obsolete or depreciated, then to the extent that they require replacement in accordance with our standards, you will replace the same with items required by our then-current standards and specifications. You shall not attach or exhibit any signs, displays, or posters on or in the interior of said building other than signs, displays or posters then currently supplied, required, or authorized in writing by us, nor shall you permit or suffer others to do so. If any substantial alterations are to be made upon the Approved Location during the Initial Term or any renewal thereof, then said alterations shall be first approved in writing by us and plans and specifications therefor agreed to in writing by us. To maintain a modern, progressive, sanitary, and uniform operational image, we, at any time during the Initial Term or any renewal thereof, shall have the right to require you to perform such remodeling, repairs, replacements and redecoration in and upon the Approved Location, improvements, equipment and furnishings used by you which are reasonably necessary and practical to bring such Approved Location, improvements, equipment and furnishings up to our then-current standards. You will bear the entire cost of any remodeling, repairs, replacements, redecoration or other maintenance or refurbishing required hereunder. You acknowledge that possible additional investment may be required pursuant to this Section. If you fail to make or begin to make any required remodeling, repairs, replacements, redecoration or other maintenance or refurbishing required hereunder within ten (10) days after receipt of notice from us of the actions required to be taken, we may, but are not required to, arrange for the completion of all required actions on your behalf and you shall reimburse us upon demand for all costs incurred.

8.3 Sale of Approved Products and Services

You shall offer for sale all the Approved Products and Services and only the Approved Products and Services, as same exist from time to time. All Approved Products and Services must be offered for sale on a continuous basis at the Franchised Business at the time and in the manner required by us. No sale of any product or service except Approved Products and Services may be solicited, accepted or made at or from the Franchised Business. If requested by us on at least thirty (30) days' notice as part of a general program or standardization effort by us, the marketing of a product or service must be discontinued.

8.4 Advertising

You shall, at your own expense, promotionally display in and upon the Approved Location "Village East Gifted" advertising signs of such nature, form, color, number, location, size and containing such material as we shall direct or approve in writing. Only signs or advertising media approved by us shall be displayed by you in or upon the Approved Location or elsewhere. All signs must be purchased from suppliers approved by us. You shall install and maintain such signs at your own expense for the period that such signs remain in your possession. Upon termination of this Agreement for whatever reason, the signs shall become our property, and you shall promptly remove and procure any such signs and deliver them to us according to our direction. All of your advertising materials must indicate that your Business is independently owned and operated.

8.5 Approved Suppliers

You shall adhere to our minimum quality standards and specifications for all facets of the "Village East Gifted" Business, including equipment, signage, décor, furniture, fixtures, furnishings, inventory supplies, advertising and sales promotion materials and other products or materials used in the operation of a Franchised Business. Such standards and specifications have been established by us for uniformity, quality control and to protect, maintain and foster its reputation, goodwill and public acceptance. All such information regarding standards and specifications shall be provided to you in writing or otherwise through a Confidential Operations Manual. The Confidential Operations Manual is incorporated in this Agreement by reference and you will comply with all provisions therein. All such standards and specifications may be modified at any time by us. We will provide you with a list of and specifications for the equipment, fixtures, furniture and furnishings which are consistent with a Village East Gifted Business. We will provide you with a list of recommended fixtures, furniture, equipment and furnishings and the approved suppliers thereof, which list may be modified by us from time to time. We shall also provide you with lists and specifications of approved promotional materials, supplies, and other inventory items needed in the daily operation of the Franchised Business. We will afford you the opportunity to purchase in sufficient quantity, and in a timely manner to meet your reasonable needs, such products and supplies as we or our affiliated company are/is in the business of selling. You will also have the opportunity to purchase from us advertising, promotional and training materials developed by us, if we choose to make such items available.

(a) We have and will continue to periodically approve suppliers and distributors of the products, materials and supplies used in the operation of a Franchised Business that meet our standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. You must purchase all products, materials and supplies only from distributors and other suppliers approved by us from time to time.

(b) We may approve a single distributor or other supplier (collectively "supplier") for any product and may approve a supplier only as to certain products. We may concentrate purchases with one (1) or more suppliers to obtain lower prices or the best advertising support or services for any group of franchisees. We may, if we choose, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell said products to you at a profit. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

(c) If you desire to purchase any items or desire to purchase from any unapproved supplier, you must submit to us a written request for approval of the proposed item or supplier and obtain our written approval of the item or supplier prior to purchasing any such items or purchasing from said supplier. We may inspect the proposed supplier's facilities and require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent entity which we designate for testing. You or the supplier agree to pay to us our costs for evaluation and testing which shall not exceed One Thousand Dollars ($1,000). Our evaluation and ultimate approval or rejection shall be completed within thirty (30) days of submission of the request. If we do not provide you with written notice within this thirty (30) day period, the proposed product or supplier shall be deemed not approved. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We shall in no event be obligated to approve any proposed product or supplier. If a product or supplier is approved for use throughout the System, we will refund any amounts paid to us.

(d) You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

8.6 Compliance with Applicable Laws

You shall secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, the Americans with Disabilities Act, Anti-Terrorism Laws (as defined in Section 22.14), as well as all government regulations relating to workers' compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. All necessary and appropriate measures must be taken to avoid unsatisfactory safety, sanitation or health ratings at all times from government authorities. Conditions or practices disapproved by any such authorities must be corrected promptly except that, after consultation between you and us, you may contest in good faith the action by such authority as being arbitrary, capricious, unfair or unlawful.

All advertising employed by you must be completely factual, in good taste (in our judgment), and must conform to the highest standards of ethical advertising. You must in all dealings with us, customers, suppliers, and public officials adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must refrain from any business or advertising practice which may be harmful to our business, the goodwill associated with the Proprietary Marks or other franchisees. You must notify us in writing within five (5) 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 unit, which may adversely affect the operation or financial condition of you or the Franchised Business, or of any notice of violation of any law, ordinance or regulation relating to health or safety.

If your state requires continuing education credits to maintain a required license or certification, you shall ensure that all required parties, including your Administrator and instructors, attend the necessary continuing education courses in order to maintain such license or certification in good standing, at your expense.

8.7 Business Management; No Employment Interference

You shall assure that at all times the Franchised Business must be under the direct, on-Approved Location supervision of an Administrator who has satisfactorily completed our training program. You shall staff the Franchised Business with the number of instructors and other employees as we specify from time to time or as may be required to effectively and efficiently operate the Franchised Business. You shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the operation of the Franchised Business. You must establish at the Franchised Business a training program for all employees that meets our standards.

8.8 Payments to Us or Our Affiliates

You shall provide that payment for all products and services purchased from us by you shall be due and payable within fifteen (15) days after receipt of an invoice therefor, unless otherwise specified by us. All other supplies, forms, documents and equipment required for the operation of the Franchised Business and not required to be purchased from us or our designees may be purchased from us or from any source or supplier approved or designated in writing by us or from any other source or supplier, provided that we shall have first approved in writing such other source or supplier, which approval shall not be unreasonably withheld so long as the standards of the System are met.

8.9 Forms of Payment

You shall at all times accept the forms of payment we specify in our Confidential Operations Manual or otherwise approve.

8.10 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including the agreements attached hereto as Attachment 4, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement: (i) all rights to the telephone numbers of the Franchised Business and any related and other business listings; and (ii) internet listings, domain names, internet accounts, advertising on the internet, websites, listings with search engines, email addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet without our express written consent, which consent may be denied without reason.

ARTICLE 9
PROPRIETARY MARKS

9.1 Proprietary Marks

When used in this Agreement, "Proprietary Marks" mean the "Village East Gifted" trademark and service mark which is used now or in the future to identify the Franchised Business and to distinguish it from that of any other business, together with the trademarks, service marks, trade names, logos and commercial symbols as may be designated by us from time to time for use in connection with the System.

9.2 License of Proprietary Marks

You are licensed to use the Proprietary Marks, goodwill and trade secrets in the operation of the Franchised Business only at the location specified in Attachment 2. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose, except as may be authorized in writing by us.

9.3 Ownership of Proprietary Marks

You acknowledge that we are the owner or the licensee of the owner of the Marks, and that any references to our right, title or interest in the Marks in this Agreement shall include the owner's right, title or interest. You acknowledge and agree that you shall not register or attempt to register the Proprietary Marks or to assert any rights in them other than as specifically granted in this Agreement.

9.4 Use of Proprietary Marks

You shall only use the Proprietary Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans we specify, and only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or in any other manuals, directives or memos prepared by us.

9.5 Approval of Items Using Proprietary Marks

We reserve the right to approve all signs, memos, stationery, business cards, advertising material, forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the phrase "Village East Gifted" shall be in accordance with this Agreement and the Confidential Operations Manual, and you shall obtain our approval prior to such use.

9.6 Cessation of Use after Expiration, Termination or Non-Renewal

Upon the expiration, termination or non-renewal of this Agreement, you shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans; and we may cause you to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, you shall not represent or imply that you are associated with us. To this end, you irrevocably appoint us or our nominee to be your attorney-in-fact to execute on your behalf any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. You acknowledge and agree that the unauthorized use of the Proprietary Marks will result in irreparable harm to us for which we shall be entitled to obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

9.7 Notification of Infringement

You shall immediately notify us of any apparent infringement of or challenge to your use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks. You also agree to immediately notify us of any other litigation instituted by any person, firm, corporation or governmental entity against us or you.

9.8 Our Right to Defend

We shall undertake the defense or prosecution of any litigation concerning you that relates to any of the Proprietary Marks or that, in our judgment, may affect the goodwill of the System; and we may, in such circumstances, undertake any other action which we deem appropriate. We shall have sole and complete discretion in the conduct of any defense, prosecution or other action we choose to undertake. In that event, you shall cooperate and execute those documents and perform those acts which in our opinion are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by us.

9.9 You May Use Only Designated Proprietary Marks

In order to develop and maintain high uniform standards of quality and service and to protect our reputation and goodwill, you shall do business and advertising using only the Proprietary Marks designated by us. You shall not do business or advertise using any other name. You are not authorized to and shall not use the phrase "Village East Gifted" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which you are associated, or with a bank account, trade account or in any legal or financial connection.

9.10 Inspection

In order to preserve the validity and integrity of the Proprietary Marks, and to assure that you are properly employing them in the operation of your business, we and our agents shall have the right at all reasonable times to inspect your business, financial books and records, and operations. You shall cooperate with and assist our representative in such inspection.

9.11 Copyright and Trademark Symbols

You shall be required to affix the ©, ®, ™ or ^{SM} symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Village East Gifted" or any other of the Proprietary Marks, whether presently existing or developed in the future.

9.12 No Right to Deny Use of Proprietary Marks

You acknowledge that you do not have any right to deny the use of the Proprietary Marks to any other Village East Gifted Businesses. In consideration therefor, you shall execute all documents and take such action as may be requested to allow us or other Village East Gifted Businesses to have full use of the Proprietary Marks.

9.13 Avoidance of Conflict

If during the term of this Agreement there is a claim of prior use of the "Village East Gifted" name or any other of the Proprietary Marks in the area in which you are doing business or in another area or areas, you shall so use our other Proprietary Marks in such a way and at our discretion in order to avoid a continuing conflict.

9.14 Indemnification

We agree to indemnify you against, and to reimburse you for, all damages, costs, reasonable attorneys' fees and expenses for which you are held liable in any proceeding in which your use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceedings in which you are named as a party, provided that you have timely notified us of such claim or proceedings, have otherwise complied with this Agreement and have tendered complete control of the defense of such to us. If we defend such claim, we shall have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney retained by you.

9.15 Limited License; Modification or Substitution of Proprietary Marks

You understand and agree that the limited license to use the Proprietary Marks granted hereby applies only to such Proprietary Marks as are designed by us, and which are not subsequently designed by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Proprietary Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Proprietary Marks.

If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then you shall be obligated to comply with any such instruction by us. We shall have no obligation to reimburse you for any of your expenses of compliance, and you waive any claim arising from or relating to any Proprietary Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Proprietary Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

9.16 Name Registrations

Before commencing business at the Franchised Business, you must supply evidence satisfactory to us that you have complied with all applicable laws regarding the use of fictitious or assumed names. You must take such steps as we approve in writing to register the trade name “Village East Gifted” to be able to operate the Franchised Business under such name. Except for registration of a “d/b/a” or assumed name or other fictitious name certificate in connection with the operation of the Franchised Business, you must not register or attempt to register our names or the Proprietary Marks in your own name or that of any other entity, nor shall you make any attempt to register a domain name which includes the Proprietary Marks.

ARTICLE 10
OPERATIONS MANUAL; CONFIDENTIAL INFORMATION AND COPYRIGHTED WORKS

10.1 Confidential Operations Manual

We shall lend to you during the term of this Agreement a confidential operations manual, which may include audio tapes, video tapes, computer disks and/or written materials and which we may choose to provide electronically (such as via a password-protected website), for the Franchised Business (herein referred to as the “Confidential Operations Manual”) containing mandatory specifications, standards, methods, techniques and procedures for the operation of the Franchised Business prescribed from time to time by us, and containing information relative to your other obligations hereunder. All such specifications, standards and operating procedures shall be consistent with this Agreement and all applicable laws. Specifications, standards and operating procedures prescribed from time to time by us in the Confidential Operations Manual or otherwise communicated to you in writing shall constitute provisions of this Agreement as if fully set forth herein and shall be kept confidential by you at all times during the term of this Agreement and after the termination or expiration thereof for any reason. You shall operate your Franchised Business strictly in accordance with the Confidential Operations Manual. We shall have the right to add to, and otherwise modify, the Confidential Operations Manual from time to time to reflect changes in Approved Products and Services, the System, or the operation of the Franchised Business; provided, however, no such addition or modification shall alter your fundamental status and rights under this Agreement. You covenant to accept, implement and adopt any such modifications at your own cost. You shall keep the Confidential Operations Manual up to date with replacement pages and insertions as instructed by us. You acknowledge that the Confidential Operations Manual contains proprietary information of ours and you agree to keep the Confidential Operations Manual and its contents confidential at all times and not to make any copies thereof. The Confidential Operations Manual shall at all times remain our property, and you shall promptly return the Confidential Operations Manual to us upon our request, and in any event upon the termination or expiration of this Agreement for any reason. In the event a dispute arises as to the contents of the Confidential Operations Manual, the master copy maintained by us shall be controlling.

10.2 Confidentiality

You shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information or know-how concerning the methods of operation of the System hereunder which may be communicated to you, or of which you may become apprised, by virtue of the operation of the franchise under this Agreement. You shall divulge such confidential information only to such of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, and know-how including, without limitation, the materials, equipment, specifications, techniques, and other data, which the we designate as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by us; or which, at the time of disclosure by us to you, had become a part of the public domain through publication or communication by others; or which, after disclosure to you by us, becomes a part of the public domain through publication or communication by others.

You shall require all of your personnel to execute covenants that they will maintain the confidentiality of information they received in connection with their employment by you at the Franchised Business. Such covenants shall be on a form provided by us and attached hereto as Attachment 6, and which will include, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. You shall provide us with a copy of each executed covenant within ten (10) days after it is executed.

10.3 Customer Database

You acknowledge that the database of customers is proprietary to us and that we shall have access to same electronically at all times during the Initial Term. You further acknowledge that upon termination, expiration or non-renewal of this Agreement, such database shall remain our property and you shall not retain a copy of such database.

10.4 Return of Confidential Operations Manual

You shall keep the Confidential Operations Manual in your Franchised Business at all times and promptly return all copies to us upon the expiration or termination of this Agreement, and shall refrain from making any copies thereof or otherwise reproducing it either in whole or in part at any time.

10.5 Improvements to the System

It is understood and agreed that information or improvements to the System compiled or developed by you, your employees or agents during the term of this Agreement and relating to the Franchised Business, whether developed separately or in conjunction with us, shall be considered as part of our Confidential Information. You agree to grant to us an irrevocable, worldwide, exclusive, royalty-free license (with the right to sub-license) to such information, improvement or technique.

10.6 Injunctive Relief

You acknowledge that any failure to comply with the requirements of this Article 10 will cause us irreparable injury, and you agree to pay all court costs and reasonable attorneys' fees incurred by us when we seek to obtain specific performance of or an injunction against violation of the requirements of this Article 10.

10.7 Ownership of Copyrights

You and we acknowledge and agree (a) that we may authorize you to use, in connection with the operation of the Franchised Business, certain copyrighted or copyrightable works which shall be referred to herein as the "Copyrighted Works"; (b) that the Copyrighted Works are our valuable property; or the property of the copyright owner, who may not be us, and (c) that the rights herein are granted to you solely on the condition that you comply with the terms of this Agreement. You acknowledge and agree that we own or are the licensee of the owner of the Copyrighted Works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Franchised Businesses. Such Copyrighted Works include the Confidential Operations Manual and may include all or part of the Proprietary Marks and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us.

10.8 Limitation on Your Use of Copyrights

You acknowledge that your right to use the Copyrighted Works is derived solely from this Agreement and is limited to the use of such Copyrighted Works pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the term of this Agreement. You shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by us specifying that we are the owner of the copyright. You acknowledge that this Agreement does not confer any interest in the Copyrighted Works upon you other than the right to operate the Franchised Business in compliance with this Agreement. If we authorize you to prepare any adaptation, translation or derivative work of the Copyrighted Works, you hereby agree that such adaptation, translation or derivative work shall be our property and you hereby assign all your right, title and interest therein to us. You agree to execute any documents in recordable form which we determine are necessary to reflect such ownership. You shall submit all such adaptations, translations or derivative works to us for approval prior to use.

10.9 Notification of Infringement and Claims

You shall immediately notify us of any actual or apparent infringement of or challenge to any of the Copyrighted Works, or claim by any person of any rights in the Copyrighted Works. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take such action as we deem appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to the Copyrighted Works.

10.10 Discontinuance of Use

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the Copyrighted Works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials.

ARTICLE 11
INSURANCE

11.1 Prior to opening the Franchised Business for business, you must obtain the insurance coverages we specify in the Confidential Operations Manual or otherwise in writing. The insurance policies must be issued by the insurance carrier(s) that we designate or, if we do not designate a specific insurance carrier, by carriers having an A.M. Best rating of "A" or better. Although A.M. Best groups "A" and "A-" in the same classification, you understand and acknowledge that we demand an "A" rating. As of the date of this Agreement, you agree to purchase and maintain the following insurance coverages: all insurance coverages required by your city, state and other authorities, for educational institutions in your jurisdiction. These may include Comprehensive General Liability Insurance, Statutory Worker's Compensation Insurance, Employer's Liability Insurance, Errors and Omissions Insurance, Casualty Insurance, Business Interruption Insurance and Property Insurance (including fire, vandalism, and malicious mischief insurance) for the amount of the Furnishings, Equipment and all the contents of your Village East Gifted Franchised Business.

You must maintain all required policies in force during the entire term of this Agreement and any renewals thereof. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we so request, our affiliates, directors, employees or shareholders) as additional insureds and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy.

11.2 Not later than two (2) weeks before your Franchised Business opens for business, and thereafter upon renewal of each insurance policy, you must furnish us with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do that, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Franchised Business which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur, together with a reasonable fee for our efforts in doing so.

11.3 Your obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Article 11 or your indemnification obligations under Article 19.

11.4 If you fail or refuse to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Article 11, we shall have the right, without waiver of any other remedies, to secure such insurance on your behalf, at your expense, through agents and insurance companies of our choosing, and to take all other action necessary to protect our interests hereunder, or in the alternative, we shall have the right to terminate this Franchise Agreement.

ARTICLE 12
TERMINATION

12.1 Automatic Termination

You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Approved Location or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

12.2 Termination Upon Notice – No Opportunity to Cure

This Agreement shall immediately terminate upon notice to you if:

(a) you permit or suffer the lease to expire or be terminated and you do not relocate the Franchised Business to a new location approved by us;

(b) you make an assignment or sale of the Franchised Business or ownership in the franchise as defined in Article 15 hereof without first complying with the provisions of this Agreement;

(c) you commit any violation of the Anti-Terrorism Laws (as defined in Section 22.14), or there occurs any blocking of assets under the Anti-Terrorism Laws; or

(d) you fail to locate a suitable site and obtain our approval of such site within the timeframe specified in Section 3.1 herein;

(e) you fail to open your Franchised Business in the timeframe specified in Section 3.4 herein;

(f) you fail to complete the initial training program to our satisfaction;

(g) you intentionally misstate or misrepresent any information provided to us in your application for a Village East Gifted Business;

(h) any license or permit required for the operation of the Franchised Business is revoked;

(i) you or any of your owners are convicted or plead *nolo contendere* to a felony or misdemeanor involving violence, moral turpitude or offenses involving children;

(j) you or any of your owners violate any of the confidentiality and/or non-competition covenants contained herein;

(k) you abandon or fail actively to operate the Franchised Business for seven (7) or more consecutive business days without our prior approval, unless the failure to so operate is due to acts of God, war, terrorism and other situations which are beyond your control;

(l) you submit on two (2) or more occasions at any time during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates your revenues for any period by two percent (2%) or more, unless you demonstrate that such understatement resulted from inadvertent error;

(m) you fail or refuse to pay any amount owed to us or any company affiliated with us for any debt whatsoever within fifteen (15) days after a demand for payment or fail to honor on two (2) or more occasions during the term of this Agreement checks presented by you for payment or repeatedly and consistently pay any amount due hereunder after its due date;

(n) you willfully or fraudulently misrepresent any fact, condition or report required to be made by this Agreement;

(o) you commit breaches hereof such that, during any consecutive twelve (12) month period, we give to you notices of two (2) or more different breaches, or two (2) or more similar breaches committed on different occasions, whether such breaches are subsequently cured or not;

(p) you breach any term of any other agreement (including, without limitation, any other Franchise Agreement or Multi-Unit Development Agreement) or contract to which you and we or any of our affiliated or associated companies are parties, or if any Franchise Agreement to which you (or any affiliate of yours or any person beneficially owning greater than fifty percent (50%) of the voting and equity rights and interests in you) and us are parties is terminated by us;

(q) you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Business's operation, unless you are in good faith contesting your liability for these taxes;

(r) you cause or permit to exist a default under the lease or sublease for the Approved Location and fail to cure such default within the applicable cure period set forth in the lease or sublease;

(s) you refuse us permission to inspect the Franchised Business, or your books, records or other documents pursuant to this Agreement;

(t) you or any of your owners interfere or attempt to interfere with our ability to franchise or license others to use and employ the Proprietary Marks or System;

(u) you or any of your owners interfere or attempt to interfere with our contractual relations with other franchisees, customers, suppliers, employees, advertising agencies or other third parties; or

(v) you incur three (3) insufficient funds fee in any twelve (12) month period during the term of this Agreement.

12.3 Termination Upon Notice – Opportunity to Cure

We shall have the right to terminate this Agreement effective immediately (in the notice of termination with specified opportunity to cure) upon delivery of notice of termination to you if:

(a) you abandon or surrender or transfer control of the operation of the Franchised Business or fail to actively carry on business from the Approved Location and such condition continues for five (5) days after notice of such default is given, provided, however, we shall not terminate this Agreement solely as a result of your abandoning the operation of the business associated with the Franchised Business due to death without first giving ten (10) days' prior written notice to your trustee, executor, administrator or next of kin as shown in our files;

(b) repeated and frequent justifiable complaints are made by your customers;

(c) you fail or refuse to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submit such reports more than five (5) days late on two (2) or more occasions during the term of this Agreement;

(d) you operate the business associated with the Franchised Business in a manner that presents a health or safety hazard to your customers, employees or the public and such manner of operation continues uncorrected after notice from us, the landlord of the Approved Location or any applicable authority to correct same;

(e) you sell or offer for sale any unauthorized product or service after notice from us to cease doing the same, or you fail to sell the Approved Products and Services;

(f) you fail to comply with any other provision of this Agreement or any other specification, standard or operating procedure prescribed by us and do not correct such failure within thirty (30) days after written notice of such failure to comply (which notice shall describe the action that you must take) is delivered to you;

(g) you violate any law, ordinance, rule or regulation of any governmental agency in connection with the operation of the Franchised Business; or

(h) any permit or license required to operate the Franchised Business is suspended.

12.4 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business's operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation at our then-current management fee rate and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

12.5 Cross Default; Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

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

12.6 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 12, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our website, until such time as you correct the breach.

12.7 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 13
YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

13.1 Payment of Amounts Owed to Us and Other Creditors

You agree to pay, within seven (7) days of the effective date of termination or expiration of this Agreement, all amounts owed to us and any company affiliated with us and your trade and other creditors which are then unpaid. All periodic payments shall be deemed to accrue daily and shall be adjusted accordingly.

13.2 Return of Confidential Operations Manual and Retention of Records

You agree that, within fifteen (15) days of the effective date of termination, non-renewal or expiration of this Agreement for any reason, you will immediately return to us all copies of the Confidential Operations Manual, the customer database and all lists of customers and prospective customers, prospect and leads of the Franchised Business and all promotional or other materials of a proprietary nature or which bears any of the Proprietary Marks. You shall retain all business records for at least three (3) years following the expiration of termination of this Agreement, and shall keep us advised of the location of such records.

13.3 Cancellation of Assumed Names; Transfer of Phone Numbers, Websites and Listings

You agree, upon termination, non-renewal or expiration of this Agreement for any reason, to take such action as may be required to cancel all registrations relating to the use of any of the Proprietary Marks, including, but not limited to, any electronic address, domain name, search engine or website that associates you with us, the franchise or the Proprietary Marks (if we allowed you to establish same), and will not directly or indirectly at any time or in any manner identify any Approved Location or any business as a Franchised Business, or yourself as a franchisee, of ours; and you shall not, in any manner or for any purpose, use any of the Proprietary Marks or any colorable imitation thereof. You shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any classified or other telephone directory listings associated with such names and to authorize the transfer of same to us or our new franchisee. You acknowledge that, as between us and you, we have the sole rights to and interest in all telephone numbers and directory listings associated with the Proprietary Marks. You will provide us, on execution, with an undated, executed form of Internet Website and Listing Agreement and Telephone Listing Agreement, in the forms annexed hereto as Attachment 4.

13.4 Signs and Appearance of the Franchised Business

In the event that you maintain possession of the Approved Location subsequent to the termination or expiration of this Agreement, you agree to immediately, upon our request, make such alterations and removals or changes in signs and colors as we may reasonably request so as to distinguish effectively the Approved Location from its former appearance and from the then-prevailing Franchised Business image.

13.5 Continuing Obligations

All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect, notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 9, 10, 12 and 14 hereof shall survive termination or expiration of this Agreement.

13.6 Vacate Approved Location

In the event that this Agreement expires or is terminated for any reason whatsoever, you shall immediately upon such expiration or termination, if requested by us, vacate the Approved Location and deliver up possession to the landlord, subject to the terms of the Collateral Assignment of Lease attached hereto as Attachment 3. You shall leave the Approved Location in a clean, tidy condition, free of debris, and shall remove therefrom only your own personal property.

13.7 Our Right to Purchase Assets of the Business

Upon expiration, non-renewal or termination of this Agreement, we shall have the option, exercisable by written notice to you within thirty (30) days after expiration, non-renewal or termination of this Agreement, to purchase from you for cash all or a portion of tangible assets of the Franchised Business, including real property. We will also be entitled to an assignment of your lease for the Approved Location of the Franchised Business or, if an assignment is prohibited, a sublease for the full remaining term of the lease and on the same terms and conditions as your lease. The purchase price for said assets shall be an amount agreed upon by you and us. In the event you and we cannot agree on a purchase price within a reasonable time, the purchase price shall be determined by an independent appraiser selected as follows: we and you shall each select one (1) appraiser and those (2) appraisers shall select a third appraiser who shall determine the purchase price. The decision of the third appraiser shall be binding on all parties. We and you shall each pay the cost of our respective appraisers, and the cost of the third appraiser shall be divided equally between us and you. In determining the purchase price, no value shall be included for intangibles, goodwill or going concern value.

The closing of our purchase of the assets (the "Closing") shall occur at a time and place designated by us, but in no event later than sixty (60) days after determination of the purchase price. The purchase price shall be paid in three (3) equal installments. The first installment shall be paid at the Closing and subsequent installments shall be due on the first and second anniversary dates of the Closing. Unpaid installments of the purchase price shall accrue interest from the date of the Closing until paid at the prime rate of interest announced from time to time by Citibank, N.A. or, if said bank stops announcing such a rate, then at the rate such bank charges its largest commercial borrowers for short term borrowing. Payment of any accrued interest shall accompany payments to you of each installment of the purchase price. We shall have the right to offset against and reduce the amount of the first installment of the purchase price, and defer said installment, if necessary, by any and all amounts owed by you to us or any of our affiliates. If you are unable to deliver clear title to all the purchased assets or if there are other unresolved issues, the Closing will be accomplished through an escrow.

If we exercise the repurchase option set forth herein, we shall have the right, pending the Closing, to appoint an administrator to maintain the operation of the Franchised Business. Alternatively, we may require you to close the Franchised Business during such time period without removing any assets other than perishable products and personal property. We have an unrestricted right to assign the option to repurchase set forth herein.

13.8 Liquidated Damages

Upon termination of this Agreement by us for cause, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the twelve (12) month period immediately preceding termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 14
NON-COMPETITION

14.1 Non-Competition During Agreement

During the term of this Agreement, you shall not individually nor in conjunction with any person, firm, partnership, corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant or guarantor or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which offers products or services the same as or substantially similar to those offered at the Franchised Business (a "Competitive Business").

14.2 Non-Competition Following Termination, Expiration or Transfer

In the event of the expiration, non-renewal or termination of this Agreement for any reason whatsoever, or in the event this Agreement is transferred pursuant to Section 15.2, 15.5 or 15.8 hereof, you (or, in the case of a Transfer among the individuals comprising you pursuant to Section 15.5, the Transferor individual(s)) shall not, without our prior written consent, at any time during the period of two (2) years from the date of such expiration or termination or transfer, either individually or in conjunction with any person, firm, partnership or corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant, guarantor or in any other manner whatsoever, directly or indirectly carry on, be engaged in or be concerned with or interested in, financially or otherwise, or advise in the operation of any Competitive Business within a radius in any direction of twenty-five (25) miles of the Approved Location or of any other Franchised Business in the System.

14.3 Amendment of Restrictive Covenants

You acknowledge that the provisions of this Article 14 have been inserted for our sole benefit and that we shall have the right, from time to time during the term of this Agreement in our sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article 14 or any portion thereof without your consent, effective upon our giving notice thereof to you.

14.4 Other Covenants

You covenant that after termination, non-renewal or expiration of this Agreement, regardless of the cause of termination or expiration, you shall not, without our prior written consent, directly or indirectly:

(a) adopt, use, employ or trade under any of the Proprietary Marks, nor adopt, use, employ or trade under any other name, mark or symbol that constitutes a reproduction, counterfeit, copy, imitation or variation thereof, or which is confusingly similar thereto;

(b) adopt, use, employ or trade under any description or representation that falsely suggests or indicates a connection or association with us;

(c) copy, communicate or otherwise use for the benefit of you or of any other person any information deemed confidential pursuant to Article 10 hereof; or

(d) contest or aid others in contesting the validity or enforceability of the Proprietary Marks or the System, contrary to Article 9 hereof.

14.5 Power of Attorney

You hereby irrevocably appoint us as your true and lawful attorney to take any action, execute any document, or do any other act or things required by Articles 9 and 13 hereof at your sole risk and expense upon your failure or refusal to comply fully therewith within fifteen (15) days after termination, non-renewal or expiration of this Agreement; and you further consent and agree that we or our designated agents shall have the right to enter the Franchised Business at any time, at your sole risk and expense and without liability for trespass, tort or other act, to make any alterations thereto required by Section 13.4 hereof upon your failure or refusal to do so within fifteen (15) days after the termination, non-renewal or expiration of this Agreement, and you hereby covenant and agree for your successors and assigns to allow, ratify and confirm whatever we shall do by virtue of the foregoing power of attorney. You hereby declare that the powers of attorney herein granted may be exercised during any subsequent legal incapacity on your part.

ARTICLE 15
ASSIGNMENT, TRANSFER AND SALE

15.1 By Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Village East Gifted Franchise Inc" as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

15.2 By You

You shall not, in whole or in part, voluntarily or involuntarily, directly or indirectly, pledge, encumber, mortgage, assign, subdivide, subfranchise or otherwise transfer any interest in this Agreement, or any interest in the Franchised Business or the franchise granted hereunder (including, without limitation, by your personal representatives in the event of the death of the non-corporate franchisee, by will, declaration of, or transfer in, trust or the laws of intestate succession), or any interest in you or in any proprietorship, partnership, limited liability company or corporation which owns any interest in this Agreement or in the Franchised Business or the franchise granted hereunder or in you, nor offer, permit or suffer the same without our prior written approval. Approval shall be subject to compliance with each of the following conditions either before or concurrently with the effective date of the transfer:

(a) your being then in full compliance herewith and settling and paying to us or our affiliates and all trade creditors of the Franchised Business all outstanding debts;

(b) the transferee executing our then-current franchise agreement and such other ancillary agreements, instruments and documents then customarily used by us to grant Village East Gifted franchises as well as satisfactorily completing our initial training program;

(c) you and your officers, directors and shareholders, if a corporation, as well as the transferee and its officers, directors and shareholders, executing a general release of us, our officers, directors and employees;

(d) the transferee purchasing all of your assets used in the Franchised Business in accordance with all applicable bulk sales legislation and assuming all of your business liabilities;

(e) the transferee being an individual or corporate entity having adequate financial resources and otherwise meeting all the criteria for "Village East Gifted" franchisees;

(f) you or transferee remitting to us a transfer fee for the administration of such transfer, the preparation, execution and filing of all documentation required by us in connection with such transfer, and the training of the transferee in an amount equal to fifty percent (50%) of our then-current initial franchise fee or Twelve Thousand Four Hundred Fifty Dollars ($12,450), whichever is greater;

(g) you and transferee entering into a written agreement of purchase and sale, the form and content of which shall be subject to our approval;

(h) neither the transferee nor its owners or affiliates operate or have any ownership interest in a Competitive Business or any other business which in any way competes with a Village East Gifted Business;

(i) we determine that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(j) if you finance any portion of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalty Fees, Brand Development Fees, and other amounts due to us, our affiliates and third party vendors and otherwise to comply with this Agreement;

(k) you or your transferring owners (and their spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities prescribed in Section 14.2 hereof; and

(l) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Franchised Businesses they own and operate) identify yourselves or any business as a current or former Village East Gifted Business or as one of our franchisees; use any Proprietary Mark, any colorable imitation of a Proprietary Mark, or other indicia of a Village East Gifted Business in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us; or utilize any of our Confidential Information, including the Copyrighted Works.

15.3 Effect of Consent to Transfer

Our consent to a transfer of this Agreement and the franchise or any interest in you is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement's terms and conditions.

15.4 Assignment to Corporate Entity

Notwithstanding Section 15.2, after obtaining our written consent, the franchise granted hereunder may, subject to Article 16, be assigned by you without charge, once only, to a newly formed corporate entity (including a corporation, partnership, limited liability company or other recognized limited liability entity) which shall conduct no business other than the franchise granted hereunder and which is actively managed by you. You shall at all times own and control one hundred percent (100%) of the equity and voting rights and interests of such entity; provided, however, that if you are made up of multiple individuals, each individual shall hold the same percentage interest in the corporate entity. You, your owners and such corporate entity shall execute a Guaranty and Assumption of Obligations in our standard form attached hereto as Attachment 5.

In the event of such an assignment by you of the franchise granted hereunder to a corporate entity which you control, you agree, as a condition of being permitted to make such assignment, forthwith to cause the entity and its directors and shareholders (or administrator and members or partners, as the case may be) to acknowledge this Agreement and to agree in writing to be bound by the provisions hereof, cause the entity in its formation documents to provide in effect that its object or business is confined exclusively to the operation of a Village East Gifted Business as provided in this Agreement, and cause the entity to restrict the issue of, and its directors and shareholders (or administrators and members or partners, as the case may be) to restrict the transfer of, interests in the entity.

15.5 Transfer Among Franchisees

In the event that you comprise two (2) or more individuals, we shall not unreasonably withhold our consent to a sale, assignment or transfer of any kind (a "Transfer") of the interest of one (1) such individual (the "Transferor") in the franchise hereunder to the other individual or individuals comprising you, if but only if:

(a) the Transferor transfers the whole of such interest in this Agreement and the lease and all other agreements relating to the franchise hereunder;

(b) the Transfer shall not relieve the Transferor of the Transferor's obligations hereunder to us;

(c) the Transfer shall be completed in accordance with all applicable bulk sales legislation;

(d) the Transferor shall have given us at least thirty (30) days' prior written notice of the proposed Transfer, together with all reasonable details thereof which we may demand;

(e) the Transferor and the remaining individual(s) with an interest in you execute such documents as may be required by us in connection with such Transfer; and

(f) the remaining individual(s) with an interest in you is (are), in our opinion, capable of operating the Franchised Business without the Transferor.

15.6 Our Right of First Refusal

If you shall at any time decide to sell the franchise or the ownership interest therein, you shall obtain a bona fide, executed written offer to purchase the franchise, together with all real or personal property, leasehold improvements and other assets used by you in connection with the franchise, from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to us. We shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, but not the obligation, exercisable by written notice to you, to purchase all of the franchise and the said assets of you for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer and there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with such sale. During said thirty (30) day period, we shall have the right to inspect all of your books and records relating to the franchise's operation, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the thirty (30) day right of first refusal commences, and if you are a corporate entity, all corporate minute books and transfer records. If we do not exercise our right of first refusal, you may complete the sale of the franchise to such purchaser on the same terms offered to us subject to the provisions of Section 15.2 hereof. If the sale to such purchaser is not completed within sixty (60) days after delivery of such offer to us, or if the material terms of the offer change, we shall again have the right of first refusal herein provided.

15.7 Temporary Operation of Franchised Business by Us

For the purposes of this Section 15.7, "you" shall include the controlling shareholder of a corporate franchisee. In the event that you:

(a) fail to keep the Franchised Business open for business during the hours required by us (whether pursuant to the Confidential Operations Manual or otherwise), subject to applicable law and/or the terms of the lease for the Approved Location;

(b) are absent from the Franchised Business for more than fifteen (15) consecutive days or for more than thirty (30) days in any consecutive ninety (90) day period, or abandon the Approved Location; or

(c) die or become incapacitated and your heirs or personal representatives have not yet, or do not, assume control of the business of the Franchised Business by means of an assignment (with our approval) pursuant to Sections 15.2 and 15.8 hereof, then, unless and until we terminate this Agreement pursuant to Article 12 or Section 15.8 hereof, we shall be entitled to enter onto the Approved Location and to operate and manage the business associated with the Franchised Business for your (or your estate's) account until the franchise hereunder is terminated, assigned to a party acceptable to us or until you resume control over the business associated with the franchise and operate it in accordance herewith; provided, however, that no such operation and management by us shall continue for more than ninety (90) days without the written consent of you or your personal representatives or the representatives of your estate. In the event that we so operate the business associated with the franchise, we shall account to you (or your estate) for all net income from such operation, less our reasonable expenses incurred in, and a reasonable management fee at our then-current per diem management rate for, our operation of the franchise. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

15.8 Death or Incapacity

For the purposes of this Section 15.8, "you" shall include the controlling shareholder of a corporate franchisee. If you die or become incapacitated (which shall be deemed to include, in our reasonable opinion, your inability, by reason of physical or mental illness or disability, to operate the business of the Franchised Business in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period) so that you (or, in the case of your incapacity only, the Administrator(s)) are not able to devote full time and attention to the operation of the business of the Franchised Business, then the rights granted hereunder may be transferred to the heirs or personal representatives of you, if our prior written consent is obtained, within twelve (12) months from the beginning of the disability or from the date of death. In no event will we be willing to provide our consent to such transfer unless the conditions set forth in Section 15.2 hereof (save and except the requirement to pay our then-current transfer fee) are satisfied. In the event that such conditions (save and except the requirement to pay our then-current transfer fee) are not satisfied, we shall have the right in our sole discretion to terminate this Agreement by notice, in the case of death, to your estate and, in the case of your incapacity, to you.

ARTICLE 16
PARTNERSHIP AND CORPORATE FRANCHISEES

If you are or your successor is a partnership, limited liability company or corporation, or if the franchise granted hereunder is assigned to a partnership, limited liability company or corporation pursuant to Article 15 hereof:

(a) upon the execution of this Agreement (or, in the case of an assignment, upon such assignment) and subject to the provisions of Article 15 hereof, upon each transfer of an interest in this Agreement or in you, all holders of an interest in you shall execute a written agreement with us in the form required by us individually undertaking to be bound, jointly and severally, by all of the terms of this Agreement;

(b) the articles of partnership, partnership agreement, articles of incorporation, by-laws, certificate of formation, operating agreement and other organization documents shall recite that the issuance and transfer of any interest therein is restricted by the terms of Article 15 of this Agreement and copies thereof shall be furnished to us at our request. You shall also submit to us, at any time upon request, a list of all directors, officers, partners, beneficial shareholders, Administrators and/or members reflecting their respective interests in you and other information regarding you, in such form as we may require; and

(c) you, if you are a corporation, shall maintain stop transfer instructions against the transfer on your records of any securities with voting rights subject to the restrictions of Article 15 hereof and shall issue no such securities, nor permit any issued securities to remain outstanding, upon the face of which the following printed legend does not legibly and conspicuously appear: "The transfer of the shares represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Village East Gifted Franchise Inc, dated _________________, 20___."

ARTICLE 17
TAXES, PERMITS AND INDEBTEDNESS

17.1 Responsibility for Taxes

You shall be solely responsible for all expenses of the Franchised Business franchised by this Agreement and shall promptly pay when due all taxes levied or assessed and all indebtedness to us or to others incurred by you in connection with the conduct of such Franchised Business.

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the indemnification provisions of Article 20, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

17.2 Compliance with Laws

You shall comply with all federal, provincial and local by-laws, rules and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business licensed by this Agreement, including, without limitation, licenses to do business, name registrations, sales tax permits and applicable educational licenses or permits.

17.3 Notice of Litigation

You shall notify us in writing within five (5) 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 government instrumentality which may adversely affect the operation or financial condition of the business associated with the Franchised Business.

17.4 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon. You understand and acknowledge that if you do not timely pay Taxes to the taxing authorities having jurisdiction over your Franchised Business, we shall have the right (but not the obligation) to pay these Taxes for you. In the event we elect to pay such Taxes, you shall immediately upon demand reimburse our costs, plus a ten percent (10%) administrative fee.

ARTICLE 18
CUSTOMER RELATIONS

18.1 Cooperation

You shall cooperate with us and all other franchisees of ours in promoting good public and customer relations with the public generally and with customers and potential customers of the Franchised Business.

18.2 Notice to Us

You shall forthwith forward to us copies of all correspondence received from customers containing complaints or compliments regarding service received or products purchased from you or from any other franchisee of ours.

18.3 Customer Complaints

You shall promptly advise and provide us with copies of all complaints received from customers. We shall be entitled to respond to any customer complaints or to require you to respond to any customer complaints. You must also follow our strict customer service and satisfaction guidelines as set forth in the Confidential Operations Manual.

ARTICLE 19
RELATIONSHIP AND INDEMNIFICATION

19.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Franchised Business does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to 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 claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Confidential 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.

19.2 Independent Contractor

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Franchised Business operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Location established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Confidential Operations Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Village East Gifted Business and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

19.3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion is any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Village East Gifted brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Village East Gifted Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

19.4 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

ARTICLE 20
SECURITY INTERESTS

20.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the "Collateral".

20.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

20.2.1 All amounts due under this Agreement or otherwise by you;

20.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

20.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

20.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

20.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

20.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

20.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any Approved Location where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.6 Special Filing as Financing Statement

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

ARTICLE 21
DISPUTE RESOLUTION

21.1 Mediation and Arbitration

(a) We and you acknowledge that during the term of this Agreement disputes may arise between us that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between us for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 21.1(c). If we and you cannot agree on a location, the mediation will be conducted in Suffolk County, New York. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

(b) If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 21.1(c).

(c) Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Suffolk County, New York, under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

21.2 Exemptions from Arbitration

Notwithstanding the above, the following shall not be subject to arbitration:

(i) disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

(ii) disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the trademarks;

(iii) disputes and controversies relating to actions to obtain possession of the Approved Location of the Business under lease or sublease.

21.3 Injunctive Relief

If we shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and we shall have the right to bring such action as described in Section 21.5.

21.4 Governing Law

In proceeding with arbitration and in making determinations hereunder, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrators shall apply New York law and the terms of this Agreement in reaching their decision.

21.5 Venue

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit yourselves to the jurisdiction of the state courts of Suffolk County, New York and the Federal District Court closest to our headquarters. You and your owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You and your owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be Suffolk County, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New York law.

21.6 Parties' Agreement Regarding Applicable Law and Venue

You, your owners and we acknowledge that the parties' agreement regarding applicable state law and venue set forth in Sections 21.1 and 21.5 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

21.7 Execution of this Agreement and Obligations

You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Suffolk County, New York, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements, shall occur in Suffolk County, New York.

21.8 Waiver of Punitive Damages

You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

21.9 Waiver of Jury Trial

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

21.10 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', 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 we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

ARTICLE 22
GENERAL

22.1 Joint and Several

If two (2) or more parties shall sign or be subject to the terms and conditions of this Agreement as franchisee, the liability of each such party to make the payments to be made and to perform all other obligations to be performed under or pursuant to this Agreement shall be deemed to be joint and several. A breach hereof of one (1) such party or you shall be deemed to be a breach of both or all.

22.2 Rights Cumulative

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall such right or remedy be deemed to be, exclusive of any other right or remedy herein or by law or equity provided or permitted and each shall be cumulative of every other right or remedy.

22.3 Entire Agreement and Amendments

This Agreement, the Attachments hereto and any documents incorporated by reference herein, contain the entire understanding and agreement of the parties hereto concerning the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof, whether oral or written; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except as provided herein or in the Disclosure Document, you acknowledge and agree that there are no warranties, representations, statements, promises or inducements, express or implied, or collateral, whether oral or written, about this Agreement by us or our officers, directors, shareholders, employees or agents that are contrary to the terms of this Agreement or the documents referred to herein. No amendment or other modification to this Agreement shall be valid or binding upon the parties unless the same is in writing.

22.4 Non-Waiver

No waiver by us of any breach, failure or default in performance by you and no failure, refusal or neglect of ours to exercise any right hereunder or to insist upon strict compliance with or performance of your obligations hereunder shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach, failure or default and shall not constitute a waiver by us of our rights at any time or thereafter to require strict compliance with the provisions hereof.

22.5 Invalid Provisions; Substitution of Valid Provisions

As stated earlier in this Agreement, if any provision of this Agreement relating to the payment of fees to us, to non-competition during the term of this Agreement, or to the preservation of any of the Proprietary Marks or confidential information disclosed pursuant to this Agreement is declared invalid or unenforceable, and if, as a result, we believe in our sole opinion that the continuation of this Agreement would not be in the best interests of the System, we have the right to terminate this Agreement on written notice to you. If any state or federal law requires renewal of this Agreement, you agree to enter into our then-current form of Franchise Agreement. To the extent that any restrictive covenant contained in this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard or operating procedures prescribed by us invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

22.6 Time of Essence

Time shall be of the essence in this Agreement.

22.7 Gender

Whenever a personal pronoun is used herein, it is understood that such usage shall include both singular and plural, masculine, feminine and neuter, and refer in appropriate cases to corporations or other legal entities as well as to individuals.

22.8 Notices

All notices, consents, approvals, statements, authorizations, documents, or other communications required or permitted to be given hereunder shall be in writing, and may be delivered personally or mailed by registered mail, postage prepaid, send by overnight delivery service, or transmitted by facsimile or other form of electronic communication tested prior to transmission to the said parties at their respective addresses set forth hereunder, namely:

To us at:	Village East Gifted Franchise Inc 12 Doti Court Huntington, New York 11743 Attn: President Email: franchise@villageeastgifted.com
To you at:	________________________________ ________________________________ ________________________________ Facsimile:________________________ Email:___________________________

or at any other address or addresses as the party to whom such notice, consent, approval, statement, authorization, documentation or other communication is to be given may designate by notice in writing so given to the other parties hereto as provided hereinbefore. Any notices, consents, approvals, statements, authorizations, documents or other communications, if mailed, shall be deemed to have been given on the fifth (5th) business day (except Saturdays and Sundays) following such mailing, or, if delivered personally or transmitted by facsimile or other form of electronic communication, shall be deemed to have been given on the day of delivery or transmission (as the case may be), if a business day, or if not a business day, on the business day next following the day of delivery or transmission (as the case may be).

22.9 Impossibility of Performance

Notwithstanding anything to the contrary contained in this Agreement, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, acts of God or other reasons beyond the control of such party, whether all of a like nature or not, which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then the performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section shall not in any way operate to excuse you from the prompt payment of any fees, royalties or other sums required to be paid to us or our affiliates by the terms of this Agreement, or from the prompt performance of any of your other obligations hereunder where such prompt performance is delayed, hindered or prevented by reason of lack of funds.

22.10 Further Assurances

Each of the parties covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgments or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof. You shall, within the time and from time to time forthwith upon our request, provide us with a statutory declaration confirming any matter provided for in this Agreement. You shall, at any time and from time to time forthwith upon our request, provide us with access to your corporate records to confirm your compliance with the terms of this Agreement.

22.11 Enforcement; Injunctive Relief

You acknowledge that your failure to comply herewith could cause us irreparable harm which may not be compensable by way of damages, and, therefore, we shall be entitled to apply to a court of competent jurisdiction to have itself appointed as the receiver of your business and to obtain (without bond) declarations, temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to your use of the Proprietary Marks, relating to your obligations upon termination or expiration of this Agreement, and relating to assignment of the franchise hereunder and ownership interests in you, and to prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, by-law or regulation, is dishonest or misleading to your customers or prospective customers, or constitutes a danger to employees, customers, or to the public, or which may impair the goodwill associated with the Proprietary Marks. If we secure any such injunction, declaration or order of specific performance, you agree to pay to us any damages incurred by us as a result of your breach of any provision, our full attorneys' fees and all expenses we may have incurred to enforce this Agreement (including a reasonable allowance for our employees' time spent).

22.12 You May Not Withhold Payments

You agree that you will not, on grounds of an alleged nonperformance by us of any of our obligations or for any other reason, withhold payment of any amount due whatsoever to us or our affiliates. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to our right to recover the balance due or pursue any other remedy provided herein or by law. We may apply any payments made by you as we may see fit. We may set off against any payment due by us to you, and may, at our option, pay your trade creditors.

22.13 Changes and Modifications to the System

You understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, Approved Location, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions or alterations.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, you expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

22.14 Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or its owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Article 12 above.

ARTICLE 23
YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

23.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

23.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

23.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

23.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

23.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or owners (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

23.1.5 Neither you nor any of your owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

23.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

23.2 Your Acknowledgments

Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgments are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

Village East Gifted Franchise Inc

By:____

____
(Print Name, Title)

FRANCHISEE:

____

By:____

_________________________,___________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 1

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the Village East Gifted Franchise Inc Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE VILLAGE EAST GIFTED FRANCHISE INC AND ANY OF VILLAGE EAST GIFTED FRANCHISE INC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

_____
Initial

FRANCHISEE:

____

By:_________________________

______________,_____________
(Print Name, Title)

Date:_______________________

PRINCIPAL:

____

____
(Print Name)

Date: ______________________________

PRINCIPAL:

____

____
(Print Name)

Date: ______________________________

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

LOCATION ACCEPTANCE STATEMENT AND TERRITORY DESCRIPTION

The location of the Franchised Business which relates to the foregoing Franchise Agreement dated ______________, 20_____ ("Franchise Agreement") between Village East Gifted Franchise Inc ("we", "us" or "our") and _________________________________ ("you" or "your") shall be:

____
Street Address

____
City State Zip Code

The Territory which relates to the foregoing Franchise Agreement shall be: _________________
____
____

You acknowledge that you have made a thorough investigation and analysis of the site for your Franchised Business and of the territory described above and you hereby approve the same.

____
Signature

____
Franchisee (Print Name)

Our undersigned officer hereby approves the above described Franchised Business location.

VILLAGE EAST GIFTED FRANCHISE INC

By:______________________________
Name:____________________________
Title:_____________________________

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Village East Gifted Franchise Inc, a New York corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Attachment 2 respecting Approved Location commonly known as _________________________________. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the Approved Location the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the Approved Location it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Village East Gifted Business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the Approved Location the Lease demises and expel Assignor from the Approved Location. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement 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 before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
VILLAGE EAST GIFTED FRANCHISE INC	______________________________
By:__________________________	By:__________________________
Name:________________________	Name:________________________
Title:________________________	Title:________________________
Date:________________________	Date:________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the Approved Location the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the Approved Location the Lease demises as an education Business.

Dated:____________________

____

________________________________, Lessor

ATTACHMENT 4

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of _______________ (the "Effective Date") by and between Village East Gifted Franchise Inc, a New York corporation (the "Franchisor"), and _________________________, a __________________ (the "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Village East Gifted business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the [Franchised Concept Name] brand.

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

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

1. **Definitions**

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

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor;

and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

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

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

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

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

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the [State or Commonwealth] of [State], without regard to the application of [State] conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Village East Gifted Franchise Inc

By:______________________________________

____________________, _________________________
(Print Name, Title)

FRANCHISEE:

____

By:______________________________________

__________________________,____________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 5

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on___________ _______ to Village East Gifted Franchise Inc, a New York corporation ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with ____, a(n) ____, ______________________________________ and ___ __________________________________(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 10 and 14 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

____

Print Name: _____________________________________

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and Administrators of Franchisee)

In consideration of my being a _________________________ of ____________________ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _______________, 20___ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from Village East Gifted Franchise Inc (the "Company") to establish and operate a Village East Gifted business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: ___________________________ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which offer highly creative, academically rigorous curriculum in all academic subjects for gifted students ages 4 to 15. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As ________ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manual, and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ________________ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in

conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Twenty-five (25) miles of Franchisee's Territory; or

7.3 Twenty-five (25) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly 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 Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

____
Signature

____
Name

____
Address

____
Title

ACKNOWLEDGED BY FRANCHISEE

By:__________________________________

Name:________________________________

Title:_________________________________

Exhibit D to the Village East Gifted Disclosure Document

<u>MULTI-UNIT DEVELOPMENT AGREEMENT</u>

VILLAGE EAST GIFTED FRANCHISE INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

____

MULTI-UNIT DEVELOPER

____

DATE OF AGREEMENT

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ATTACHMENTS:

VILLAGE EAST GIFTED FRANCHISE INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT ("Agreement") is made and entered into the _______ day of ____________, 20__, between Village East Gifted Franchise Inc., a New York corporation whose principal address is 12 Doti Court, Huntington, New York 11743 (hereinafter "we", "us" or "our"), and ________________________________ whose principal address is ____ (hereinafter "you" or "your").

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a business under the name and mark "Village East Gifted" that offers highly creative, academically rigorous curriculum in all academic subjects for gifted students ages 4 to 15 (the "Business" or "Franchised Business");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for management and financial control; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Village East Gifted" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks");

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, you wish to obtain certain development rights to open and operate Village East Gifted Businesses operating under the Marks under the System pursuant to individual Franchise Agreements within the Development Area described in this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1
GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("Development Rights") to establish and operate _________ (_____) Franchised Businesses, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 4 of this Agreement (hereinafter "Development Schedule"). Each Business developed hereunder shall be located in the area described in Attachment 5 of this Agreement (hereinafter "Development Area").

1.2 Each Business for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you (or your controlled affiliates) and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Business in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2
DEVELOPMENT FEE; INITIAL FRANCHISE FEE

2.1 In consideration of the Development Rights granted herein, you shall pay to us a Development Fee of ___________________________ Thousand Dollars ($____________), payable upon execution of this Agreement ("Development Fee"). The Development Fee is calculated as one hundred percent (100%) of the initial franchise fee for the first Business to be developed hereunder, plus a deposit equal to fifty percent (50%) of the initial franchise fee for each additional Business to be developed hereunder.

2.2 The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

2.3 The initial franchise fee payable for each Business to be developed hereunder shall be Twenty-Four Thousand Nine Hundred Dollars ($24,900).

2.4 The initial franchise fee for the first Business has been paid in full in the Development Fee. You shall execute the Franchise Agreement for the first Business contemporaneously with your execution of this Agreement and a portion of the Development Fee will be used to satisfy the initial franchise fee for such first Business in full. For each additional Business developed hereunder, we will apply a *pro rata* portion of the Development Fee toward the initial franchise fee due for such Business. The balance of the initial franchise fee (or Twelve Thousand Four Hundred Fifty Dollars ($12,450)) is payable to us in a lump sum upon execution of the Franchise Agreement for that Business.

SECTION 3
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 In the event you find a location for a Business without our assistance, then in such event, you shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have fifteen (15) days after receipt of such information and materials from you to approve or disapprove the site in our sole discretion. If the site is approved, you will then be presented with the then-current Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Your failure to adhere to the Development Schedule shall constitute a default under this Agreement as provided in Section 9 hereof.

3.3 You shall exercise each Development Right granted herein only by executing (or having a controlled affiliate approved by us execute) a Franchise Agreement for each Business at a site approved by us in the Development Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution, together with any remaining portion of the initial franchise fee due for such Business. The Franchise Agreement for the first Development Right exercised hereunder shall be executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, together with payment of the applicable initial franchise fee, our approval of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that the approval of a particular site for a Business by us shall not be deemed to be an assurance or guaranty that the Business will operate successfully or at a profit from such site.

3.5 You shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Business to be opened pursuant to said Franchise Agreement. In no event shall you relinquish control over each entity operating each Business.

SECTION 4
DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights as described in Section 1.1 above.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all Franchise Agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Village East Gifted Businesses within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Businesses within the Development Area subject to the territorial rights granted to you with respect to Businesses operated by you pursuant to the Franchise Agreements for said Businesses.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Businesses, the Marks and the sale of any goods and services anywhere, including, without limitation, the right:

4.4.1 to produce, offer and sell and grant others the right to produce, offer and sell the Products and any other goods and services through dissimilar channels of distribution both within and outside the Development Area under the Marks and under any terms and conditions we deem appropriate;

4.4.2 to operate and to grant others the right to operate Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to a Business.

SECTION 5
RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Development Area and continue to develop Businesses, we will, in good faith, negotiate a new Multi-Unit Development Agreement with you.

SECTION 6
TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Business is opened pursuant to the Development Schedule established in Attachment 4.

SECTION 7
YOUR OBLIGATIONS

You acknowledge and agree that:

7.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Businesses and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Businesses within the Development Area. You shall obtain the license to use such additional rights at each Business upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.3 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Village East Gifted Business.

7.5 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to those of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.8 In no event shall any Franchised Business be opened for business unless and until a Franchise Agreement for such Franchised Business has been fully executed, the initial franchise fee for such Franchised Business has been paid, and you have complied with all of the requirements under the Franchise Agreement for opening such Franchised Business.

SECTION 8
OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your proposed sites for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with a generic floor plan and standard specifications for the interior and exterior design, improvements, equipment, furnishings, decor and signs identified with the Businesses as we make available to all multi-unit developers and franchisees from time to time.

8.3 Review your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Business.

8.5 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit developers.

SECTION 9
DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Development Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Businesses to be constructed and opened for business in accordance with the Development Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Businesses opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of products or services similar to those permitted to be sold by you within the Development Area or in any business which looks like, copies or imitates Village East Gifted Business or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Village East Gifted Business for business before a Franchise Agreement for such Business has been fully executed and the initial franchise fee due to us has been paid.

9.2.8 If you fail to obtain execution of a covenant required by Section 12.8 below.

SECTION 10
YOUR OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Businesses.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

10.3 If this Agreement is terminated for cause, you must, within fifteen (15) days of the termination or expiration, pay all sums owing to us and our affiliates, including the balance of the initial franchise fees that we would have received had you developed all of the Businesses set forth in the Development Schedule. In addition to the initial franchise fees for undeveloped Businesses, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to Ten Thousand Dollars ($10,000.00) for each undeveloped Business. You agree that this amount is for lost revenues from Royalty Fees and other amounts payable to us, including the fact that you were holding the Development Rights for those Businesses and precluding the development of certain Businesses in the Development Area, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

SECTION 11
TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified, including without limitation, personal guarantees by one or more equity owners of all of the obligations of said corporate entity or assignee corporate entity to us and other parties designated by us. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Business(s) pursuant to the terms and conditions of the Franchise Agreements with us, and all assets related to the operation of the Business(s) shall be held by the corporate entity or assignee corporate entity. An assignment pursuant to this Section 11.2 may occur one (1) time only and the transfer fee shall be waived.

11.3 If you are a corporation or if your rights hereunder are assigned to a corporate entity, you or those individuals disclosed on Attachment "2" attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer. The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of this Section 11, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours. The articles of organization and governing documents (including by-laws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be printed legibly and conspicuously on each certificate:

> **"The transfer of this certificate is subject to the terms and conditions of a Multi-Unit Development Agreement with Village East Gifted Franchise Inc, dated __________. Reference is made to said Multi-Unit Development Agreement and related Franchise Agreements and to restrictive provisions of the governing documents of this entity."**

11.4 The entity or assignee entity's records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section 11. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded. You are strictly prohibited from offering your securities through a public offering or private placement.

11.5 Upon the death or incapacity (which shall be deemed to include, in our reasonable opinion, the inability, by reason of physical or mental illness or disability, to operate the business in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period) of any person with an interest of more than fifty percent (50%) in this Agreement or in you, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.9 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest in you or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Development Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Development Schedule, upon ninety (90) days' notice to your representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.6 You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Businesses to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.7 Except as provided in Section 11.6, if you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including your right to develop sites within the Development Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise our option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.8 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit developers and franchisees in the System. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.9 Except as provided in Section 11.6 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.9.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.9.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.9.3 You are not in default hereunder.

11.9.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.9.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Development Agreement, Franchise Agreements for all Businesses open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit developers on the date of transfer.

11.9.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.9.7 Except in the case of a one-time transfer to a corporate entity formed for the convenience of ownership, you or the transferee shall pay to us a transfer fee in an amount equal to fifty percent (50%) of our then-current initial franchise fee or Twelve Thousand Four Hundred Fifty Dollars ($12,450), whichever amount is greater, to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.10 Our consent to a transfer of any interest in you or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.11 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Village East Gifted Franchise Inc" as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

11.12 If the proposed transfer is a transfer between existing owners of the multi-unit developer hereunder, or if you wish to add a new owner, then you shall submit to us, in writing, a request for our approval of the proposed transfer among owners or to a new owner together with any information we require in order to evaluate the proposed transfer, including, without limitation, financial and other information relating to the proposed transferee. Our approval of your request will not be unreasonably withheld. If you are requesting to add an owner, the proposed new owner must meet our criteria, including financial capability and that the new owner is not participating in a competing business, and the new ownership structure shall not change the majority ownership in you. If we approve a new owner in you, such new owner shall be bound by the covenants of confidentiality and non-competition set forth herein, and shall execute any documents we may require to enforce these covenants.

SECTION 12
COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you, shall not, either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Business, including a business which offers and sells the same or substantially similar products and services (a "Competitive Business").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty-five (25) miles of any Village East Gifted Business in the System.

12.3 Subsections 12.1.2 and 12.2 of this Section shall not apply to your ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934, as amended.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly 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 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further use any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All of your administrators who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13
NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, mailed by certified or registered mail, return receipt requested, sent by facsimile, or sent by overnight delivery service to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to us:	Village East Gifted Franchise Inc 12 Doti Court Huntington, New York 11743 Attention: President Email: franchise@villageeastgifted.com
Notices to you:	____________________________ ____________________________ ____________________________ Facsimile:____________________ Email:_______________________
With a copy to:	____________________________ ____________________________ ____________________________ Facsimile: ____________________ Email: _______________________

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14
INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the 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.

14.2 During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on any Franchised Business premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in our Operations Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Village East Gifted Business and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION 15
APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16
NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17
SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of their respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

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

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in multiple copies, each of which shall be deemed an original.

SECTION 18
ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

SECTION 19
DISPUTE RESOLUTION; APPLICABLE LAW

19.1 19.1.1 We and you acknowledge that during the term of this Agreement disputes may arise between us that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between us for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.1.3. If we and you cannot agree on a location, the mediation will be conducted in Suffolk County, New York. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.1.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.1.3.

19.1.3 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Suffolk County, New York, under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 Notwithstanding the above, the following shall not be subject to arbitration:

(i) disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

(ii) disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the trademarks;

(iii) disputes and controversies relating to actions to obtain possession of the premises of the Business under lease or sublease.

19.3 If we shall desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and we shall have the right to bring such action as described in Section 19.5.

19.4 In proceeding with arbitration and in making determinations hereunder, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrators shall apply New York law and the terms of this Agreement in reaching their decision.

19.5 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit yourselves to the jurisdiction of the state courts of Suffolk County, New York and the Federal District Court closest to our headquarters. You and your owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You and your owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be Suffolk County, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the law of the State of New York.

19.6 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Sections 19.1 and 19.5 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.7 You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Suffolk County, New York, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements, shall occur in Suffolk County, New York.

19.8 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.9 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the business, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.10 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', 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 we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20
TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Businesses in the Development Area in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Businesses within the Development Area in accordance with the Development Schedule, to operate such Businesses pursuant to the terms of the Franchise Agreements and to maintain all such Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION 21
ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HEREWITH; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.

21.4 YOU AND EACH OF YOUR OWNERS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER YOU NOR THEY HAVE RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF VILLAGE EAST GIFTED BUSINESSES OR DEVELOPMENT OF THE DEVELOPMENT AREA, EXCEPT AS MAY BE INCLUDED IN ITEM 19 OF THE DISCLOSURE DOCUMENT HERETOFORE PROVIDED TO YOU.

SECTION 22
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

VILLAGE EAST GIFTED FRANCHISE INC

________________________________	By:_____________________________
WITNESS	Name:___________________________
	Title:____________________________

MULTI-UNIT DEVELOPER:

________________________________	By:_____________________________
WITNESS	Name:___________________________
	Title:____________________________

VILLAGE EAST GIFTED FRANCHISE INC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 1
CERTIFICATION BY MULTI-UNIT DEVELOPER

The undersigned, personally and as an officer or partner of __________________ ("Multi-Unit Developer"), as applicable, does hereby certify that he has conducted an independent investigation of the business contemplated by this Multi-Unit Development Agreement and Village East Gifted Franchise Inc. Franchise Agreement, and that the decision to execute the Multi-Unit Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of any existing "Village East Gifted" Businesses, except as may be included in Item 19 of the Franchise Disclosure Document heretofore provided to Multi-Unit Developer. The undersigned further certified that he understands the risks involved in this investment and Village East Gifted Franchise Inc. makes no representation or guaranty, explicit or implied, that the Multi-Unit Developer will be successful or will recoup his investment.

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered this Certificate this _____ day of ________, 20__.

_________________________________ _______________________________________
WITNESS

_________________________________ _______________________________________
WITNESS

_________________________________ _______________________________________
WITNESS

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Unit Developer, each has read this Multi-Unit Development Agreement, and each agrees to be individually bound by all obligations of Multi-Unit Developer hereunder.

_________________________________ _______________________________________
WITNESS

_________________________________ _______________________________________
WITNESS

_________________________________ _______________________________________
WITNESS

VILLAGE EAST GIFTED FRANCHISE INC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 2
GUARANTY

(TO BE EXECUTED ONLY IF MULTI-UNIT DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP)

In consideration of the execution by Village East Gifted Franchise Inc., of the annexed Multi-Unit Development Agreement, and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, and officers of ____________________ (the "Multi-Unit Developer"), agree to be jointly and severally bound by and agree to guaranty the performance of all of the terms and conditions of the Multi-Unit Development Agreement and any amendments thereto or renewals thereof, and do hereby execute this Multi-Unit Development Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Multi-Unit Development Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Multi-Unit Development Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS, OFFICERS, MEMBERS AND PARTNERS, AS APPLICABLE

________________________________ WITNESS	________________________________
________________________________ WITNESS	________________________________
________________________________ WITNESS	________________________________

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Unit Developer, each has read this Multi-Unit Development Agreement, and each agrees to be individually bound by all obligations of Multi-Unit Developer hereunder.

________________________________ WITNESS	________________________________
________________________________ WITNESS	________________________________
________________________________ WITNESS	________________________________

VILLAGE EAST GIFTED FRANCHISE INC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 3
TRANSFER OF A FRANCHISE TO
A CORPORATION OR LIMITED LIABILITY COMPANY

This Transfer Agreement hereby amends that certain Multi-Unit Development Agreement dated ____________, 20___ between Village East Gifted Franchise Inc. ("Franchisor") and ______________________ ("Multi-Unit Developer").

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the Corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below, and the Multi-Unit Developer of Village East Gifted Businesses under a Multi-Unit Development Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate in the Development Area set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Multi-Unit Developer constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Multi-Unit Development Agreement to the Corporation or Limited Liability Company in accordance with the provisions of Section 11 of the Multi-Unit Development Agreement, agree as follows:

1. The undersigned Multi-Unit Developer shall remain personally liable in all respects under the Multi-Unit Development Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Multi-Unit Development Agreement including the restrictive covenants contained in Section 12 thereof, to the same extent as if each of them were the Multi-unit developer set forth in the Multi-Unit Development Agreement and they jointly and severally personally guarantee all of the Multi-Unit Developer's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

> "The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Multi-Unit Development Agreement dated ____________, 20__ between ___________________ and Village East Gifted Franchise Inc"
>
> or
>
> "The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Multi-Unit Development Agreement dated ____________, 20__ between ___________________ and Village East Gifted Franchise Inc"

3. ___________________ or his designee shall devote his best efforts to the day-to-day operation and development of the Businesses.

4. ____________________ hereby agrees to become a party to and to be bound by all of the provisions of the Multi-Unit Development Agreement executed on the date set forth below between Multi-Unit Developer and Franchisor, to the same extent as if it were named as the Multi-Unit Developer therein.

Date of Multi-Unit Development Agreement: ____________________________________

Development Area for Businesses: ____

WITNESS:

____

____

As to Paragraph 3:

____
[Name]

As to Paragraph 4:

____
[Name]

ATTEST:

____

____
Name of Corp. or Limited Liability Company

By:________________________ (SEAL)
Title:_____________________________

In consideration of the execution of the above Agreement, Village East Gifted Franchise Inc. hereby consents to the above referred to assignment on this _____ day of ______________, 20__.

VILLAGE EAST GIFTED FRANCHISE INC

By:______________________________
Name:____________________________
Title:_____________________________

VILLAGE EAST GIFTED FRANCHISE INC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 4

Development Schedule

The Agreement authorizes and obliges you to establish and operate ______________ (_____) "Village East Gifted" Businesses pursuant to a Franchise Agreement for each Business. The following is your Development Schedule:

Minimum Cumulative Number of Franchise Agreements for Businesses to be located and Operating Within the Development Area	By this Date
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

Total:________

APPROVED:

MULTI-UNIT DEVELOPER	VILLAGE EAST GIFTED FRANCHISE INC
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

VILLAGE EAST GIFTED FRANCHISE INC
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 5

Development Area

The following describes the Development Area within which Multi-Unit Developer may locate "Village East Gifted" Businesses under this Agreement:

APPROVED:

MULTI-UNIT DEVELOPER	VILLAGE EAST GIFTED FRANCHISE INC
By:_____________________________	By:_____________________________
Name:___________________________	Name:___________________________
Title:____________________________	Title:____________________________

Exhibit E to the Village East Gifted Disclosure Document

LIST OF FRANCHISEES
(as of December 31, 2021)

None

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
(as of December 31, 2021)

None

Exhibit F to the Village East Gifted Disclosure Document

<u>FINANCIAL STATEMENTS</u>

VILLAGE EAST GIFTED FRANCHISE, INC
FINANCIAL STATEMENTS
DECEMBER 31,2021

VILLAGE EAST GIFTED FRANCHISE, INC
TABLE OF CONTENTS

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 SPRUCE POND CIRCLE PLAINVIEW, NEW YORK 11803

INDEPENDENT AUDITOR'S REPORT

To the shareholder
Village East Gifted Franchise, Inc.

Opinion

We have audited the financial statements of Village East Gifted Franchise, Inc, which comprise the balance sheet as of December 31, 2021, and the related statement of operations and changes in shareholder's equity, and cash flow for the year ended December 31,2021 and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of as of Village East Gifted Franchise, Inc at December 31, 2021, and the results of its operations and its cash flows for the for the year ended December 31,2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village East Gifted Franchise, Inc 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.

Other Matter- The financial statements for the year ending December 31, 2020, were audited by other auditors whose report dated August 12, 2021, included an unqualified opinion of those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village East Gifted Franchise, Inc.'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness of Village East Gifted Franchise, Inc internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village East Gifted Franchise, Inc 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.

Barry Knepper
Plainview, New York
February 25, 2022

VILLAGE EAST GIFTED FRANCHISE,INC
BALANCE SHEETS

	DECEMBER 31 2021	DECEMBER 31 2020
ASSETS		
Current assets		
Cash	$ 15,407	$ 18,158
Prepaid asset	416	307
	15,823	18,465
Fixed assets, net	8,023	7,695
Other assets	6,417	14,023
Total Assets	$ 30,263	$ 40,183
LIABILITITES AND SHAREHOLDER'S (DEFICIT)		
Current liabilities		
Accounts payable	$ 25	$ 1,500
Other current liabilities	—	1,946
Due to affiliate	55,765	34,766
Due to shareholder	25,387	15,387
	81,177	53,599
Shareholder's (Deficit)	(50,914)	(13,416)
Total Liabilities and Shareholder's (Deficit)	$ 30,263	$ 40,183

See notes to financial statements

VILLAGE EAST GIFTED FRANCHISE,INC.
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S DEFICIT

	YEAR ENDED DECEMBER 31	
	2021	2020
Revenues	$ —	$ —
General and Administrative Expenses	36,886	33,255
Net Loss	(36,886)	(33,255)
Shareholder's Equity(Deficit)-Beginning	(14,028)	19,227
Shareholder's Deficit-Ending	$ (50,914)	$ (14,028)

See notes to financial statements

VILLAGE EAST GIFTED FRANCHISE,INC.
STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2021	2020
Operating Activities		
Net Loss	$ (36,886)	($33,255)
Depreciation and amortization	5,963	2718
Adjustments to reconcile net loss to net cash provided by(used) in operating activities:		
Changes in assets and liabilities		
Prepaid asset	(109)	—
Other assets	—	(1,969)
Due from affiliate	21,000	34,766
Due to shareholder	10,000	777
Accounts payable	(1,650)	1935
Credit card payable	(1,069)	—
Net Decrease in Cash	(2,751)	4,972
Cashflows from investing activities		
Fixed asset acquisitions	—	(7,952)
Net Decrease in Cash	(2,751)	(2,980)
Cash-Beginning	18,158	21,138
Cash-Ending	$ 15,407	$ 18,158

See notes to financial statements

1.THE COMPANY

Village East Gifted Franchise, Inc. ("the Company") incorporated in New York in March 2019. The Company offers franchisees that offer enrichment programs for students who yearn for more challenging and creative experiences outside of the classroom,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an ice cream store using the system for a specified number of years.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash-Cash consists of unrestricted cash on deposit at financial institutions.

Taxes on Income - The Company has elected to be taxed as a "Sub S" corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the and is shareholder and is reported on its income tax returns.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

In January 2021 the FASB issued ASU 2021-02 which allows a non- public franchisor to use a practical expedient when identifying performance obligations with its franchisees. The practical expedient allows for the treatment of certain pre-opening expenses as distinct from the franchise license. These pre-opening services consist of the following activities:

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manual and similar materials concerning operations, administration and record keeping.
- Bookkeeping, information technology and advisory's services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing and other quality control programs.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting. The Company had no franchisees as of December 31,2021.

3. RELATED PARTY TRANSACTIONS

From time to time the Company borrows funds from its shareholder. At December 31,2031 the Company owed the shareholder $25,3878. These advances bear no interest and are due on demand.

From time to time the company borrows funds form an affiliated company. At December 31,2021 the company owed this affiliated company $55,765. These advances bear no interest and are due upon demand.

4. **SUBSEQUENT EVENTS-** The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through. February 25 ,2022, which is the date the financial statements were available to be issued.

VILLAGE EAST GIFTED FRANCHISE, INC.

Financial Statements

December 31, 2020

(With Independent Auditors'
Report Thereon)

SMITH, BUZZI & ASSOCIATES, LLC.
CERTIFIED PUBLIC ACCOUNTANTS
9425 SUNSET DRIVE, SUITE 180
MIAMI, FLORIDA 33173
TEL. (305) 598-6701
FAX (305) 598-6716

JULIO M. BUZZI, C.P.A.
JOSE E. SMITH, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Village East Gifted Franchise, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Village East Gifted Franchise, Inc., which comprise the balance sheet as of December 31, 2020 and the related statements of operations and stockholders' equity and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 Village East Gifted Franchise, Inc., as of December 31, 2020 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Buzzi & Associates, LLC.

Miami, Florida
August 12, 2021

Village East Gifted Franchise, Inc.

Balance Sheet

December 31, 2020

Assets

Cash	$	18,158
Prepaids		307
Fixed assets, net of accumulated depreciation		7,695
Other assets, net of accumulated amortization of $583		14,023
Total Assets	$	40,183

Liabilities and Stockholders' Equity

Liabilities:		
Accounts payable	$	1,500
Other liabilities		1,946
Deferred franchise fee		-
Advance from stockholders		15,387
Due to affiliate		34,766
Total Liabilities		53,599
Stockholders' Equity		(13,416)
Total Stockholders' Equity		(13,416)
Total Liabilities and Stockholders' Equity	$	40,183

See accompanying notes to financial statements.

VILLAGE EAST GIFTED FRANCHISE, INC.

Statement of Operations and Stockholders' Equity

For the Year Ended December 31, 2020

Revenues:	
Franchise revenues and sales	$ –
Other income	70
Revenues	70
Expenses:	
Advertising	3,215
Legal and professional	21,321
Amortization	988
Depreciation	1,730
Licenses and permits	250
Insurance	520
Dues and subscriptions	295
Program development expense	4,427
Other expense	579
Total expenses	33,325
Net income (loss)	(33,255)
Contributions (paid in capital)	–
Distributions	–
Stockholders' equity, beginning of year	19,839
Stockholders' equity, end of year	$ (13,416)

See accompanying notes to financial statements.

VILLAGE EAST GIFTED FRANCHISE, INC.

Statement of Cash Flows

For the Year Ended December 31, 2020

Cash flows from operating activities:	
Net income (loss)	$ (33,255)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	1,730
Amortization expense	988
(Increase) decrease in assets:	
Other assets	(1,969)
Increase (decrease) in liabilities:	
Accounts payable	1,935
Due from affiliate	34,766
Advance from stockholders	777
Net cash provided by operating activities	4,972
Cash flows from investing activities:	
Fixed asset acquisitions	(7,952)
Net cash used by investing activities	(7,952)
Cash flows from financing activities:	
Distributions	-
Capital contributions	-
Net cash provided by financing activities	-
Net decrease in cash and cash equivalents	(2,980)
Cash and cash equivalents, beginning of year	21,138
Cash and cash equivalents, end of year	$ 18,158
Supplementary disclosure of cash flow information:	
Cash paid during the year for:	
Interest	$ -
Income taxes	$ -

See accompanying notes to financial statements.

Village East Gifted Franchise, Inc.

Notes to Financial Statements

For the Year Ended December 31, 2020

1. *Summary of Significant Accounting Policies*

Village East Gifted Franchise, Inc. ("Company") was formed in the State of New York in March 2019. The principal purpose of the Company is to offer and sell franchises that provide enrichment programs for students who yearn for more challenging and creative enrichment experiences outside of the classroom.

a) *Method of Accounting*

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) *Property and Equipment*

Property and equipment are stated at cost. Depreciation is computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation is computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

c) *Franchise Revenues*

Income is principally comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are from the sales of marketing materials and other services to the franchisees and royalties.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. Fees related to franchise licenses are deferred over the life of the Franchise Agreement. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services include training, support in approving franchisee's site selection and delivery of franchisee's initial inventory for use in the operations of the franchise. Franchise fees are recognized when all material services and conditions have been substantially completed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. These services, as defined above, are substantially complete prior to opening of a store. Revenue is recognized when the store is open.

1. *Summary of Significant Accounting Policies* - *(Cont.)*

d) *Accounts Receivable*

Trade accounts receivable consist of amounts due for franchise sales, and are carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition.

The Company uses the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unreserved accounts receivable to be collectible. As of December 31, 2020, a total of $0 in accounts were reserved.

e) *Income Taxes*

The Company filed an election with the Internal Revenue service to be treated as an S Corporation for all its taxable years. An S Corporation is not subject to corporate income tax. The Company's taxable income or loss and tax credits pass through to the stockholder(s).

f) *Cash Flows*

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

g) *Pervasiveness of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. *Summary of Significant Accounting Policies - (Cont.)*

h) *Long-Lived Assets*

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

i) *Concentration of Credit Risk*

The Company maintains cash in checking accounts with federally insured banks.

2. *Franchisee Supplies*

Franchisees purchase the curriculum needed for the operation of their business directly from the Company. The Company is expected to have available the curriculum information for immediate delivery to new and existing franchisees. The Company started offering franchises in May 2019. Franchisee related inventory or supplies were not considered at the time of this audit.

3. *Property and Equipment*

Property and equipment at December 31, 2020, consists of the following:

Computer	$ 6,640
Office furniture and equipment	2,810
	9,450
Less accumulated depreciation	(1,755)
	$ 7,695

Depreciation expense for the year ended on December 31, 2020 amounted to $1,730.

4. *Advance from Stockholders*

During 2020, the Company received $777 from its stockholders as an advance to fund operating capital needs, which totaled $15,387 at year end December 31, 2020. The advance is non-interest bearing and has no definite repayment date.

5. *Due to Affiliate*

The Company has outstanding advances from an affiliate in the amount of $34,766. These advances were to fund operating capital needs and are non-interest bearing with no definite repayment date.

6. *Franchise Sales and Agreements*

The Company started offering franchises in May 2019.

The Company enters into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various items to franchisees including, but not limited to, marketing and operational support.

7. *Subsequent Events*

Management has evaluated subsequent events through August 12, 2021, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

VILLAGE EAST GIFTED FRANCHISE, INC.

Financial Statements

December 31, 2019

(With Independent Auditors' Report Thereon)

SMITH, BUZZI & ASSOCIATES, LLC.
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INDEPENDENT AUDITORS' REPORT

To the Members of
Village East Gifted Franchise, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Village East Gifted Franchise, Inc., which comprise the balance sheet as of December 31, 2019 and the related statements of operations and stockholders' equity and cash flows for the period 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 Village East Gifted Franchise, Inc., as of December 31, 2019 and the results of its operations and cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Buzzi & Associates, LLC.

Miami, Florida
February 4, 2020

Village East Gifted Franchise, Inc.

Balance Sheet

December 31, 2019

Assets

Cash	$ 21,138
Fixed assets, net of accumulated depreciation of $25	1,473
Other assets, net of accumulated amortization of $139	12,361
Total assets	$ 34,972

Liabilities and Stockholder's Equity

Liabilities:	
Accounts payable	$ 523
Advance from stockholder	14,610
Stockholder's Equity	19,839
Total Stockholder's Equity	19,839
Total Liabilities and Stockholder's Equity	$ 34,972

See accompanying notes to financial statements.

VILLAGE EAST GIFTED FRANCHISE, INC.

Statement of Operations and Stockholders' Equity

For the Period from April 16, 2019 to December 31, 2018

Revenues:	
Franchise revenues and sales	$ -
Other income	-
Revenues	-
Expenses:	
Advertising	380
Legal and professional	2,430
Amortization	139
Depreciation	25
Licenses and permits	900
Dues and subscriptions	250
Other expense	25
Total expenses	4,149
Net income (loss)	(4,149)
Contributions (paid in capital)	-
Distributions	-
Stockholders' equity, beginning of period	23,988
Stockholders' equity, end of period	$ 19,839

See accompanying notes to financial statements.

VILLAGE EAST GIFTED FRANCHISE, INC.

Statement of Cash Flows

For the Period from April 16, 2019 to December 31, 2019

Cash flows from operating activities:	
Net income (loss)	$ (4,148)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	25
Amortization expense	138
(Increase) decrease in assets:	
Other assets	(12,500)
Increase (decrease) in liabilities:	
Accounts payable	523
Advance from stockholder	14,610
Net cash used by operating activities	(1,352)
Cash flows from investing activities:	
Fixed asset acquisitions	(1,498)
Net cash used by investing activities	(1,498)
Cash flows from financing activities:	
Distributions	-
Capital contributions	-
Net cash provided by financing activities	-
Net decrease in cash and cash equivalents	(2,850)
Cash and cash equivalents, beginning of period	23,988
Cash and cash equivalents, end of period	$ 21,138
Supplementary disclosure of cash flow information:	
Cash paid during the period for:	
Interest	$ -
Income taxes	$ -

See accompanying notes to financial statements.

Village East Gifted Franchise, Inc.

Notes to Financial Statements

For the Period Ended December 31, 2019

1. ***Summary of Significant Accounting Policies***

Village East Gifted Franchise, Inc. ("Company") was formed in the State of New York in March 2019. The principal purpose of the Company is to offer and sell franchises that provide enrichment programs for students who yearn for more challenging and creative enrichment experiences outside of the classroom.

a) ***Method of Accounting***

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) ***Property and Equipment***

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

c) ***Franchise Revenues***

Income will principally be comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from the sales of products, marketing materials and other services to the franchisees and royalties.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards No. 45, which requires that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, only when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services include training, support in approving franchisee's site selection and delivery of franchisee's initial inventory for use in the operations of the franchise.

1. ***Summary of Significant Accounting Policies*** *– (Cont.)*

d) ***Accounts Receivable***

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be periodically evaluated for collectibility based on past credit history with customers and their current financial condition.

The Company will use the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unreserved accounts receivable to be collectible. As of December 31, 2019, a total of $0 in accounts were reserved.

e) ***Income Taxes***

The Company filed an election with the Internal Revenue service to be treated as an S Corporation for all its taxable years. An S Corporation is not subject to corporate income tax. The Company's taxable income or loss and tax credits pass through to the stockholder(s).

f) ***Cash Flows***

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

g) ***Pervasiveness of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. ***Summary of Significant Accounting Policies*** *– (Cont.)*

h) ***Long-Lived Assets***

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

i) ***Concentration of Credit Risk***

The Company maintains cash in checking accounts with federally insured banks.

2. ***Franchisee Supplies***

Franchisees purchase the curriculum needed for the operation of their business directly from the Company. The Company is expected to have available the curriculum information for immediate delivery to new and existing franchisees. The Company started offering franchises in May 2019. Franchisee related inventory or supplies were not considered at the time of this audit.

3. ***Property and Equipment***

Property and equipment at December 31, 2019, consists of the following:

Computer	$ 1,498
Office furniture and equipment	-
	1,498
Less accumulated depreciation	(25)
	$ 1,473

Depreciation expense for the period ended on December 31, 2019 amounted to $25.

4. *Advance from Stockholder*

During 2019, the Company received $14,610 from its stockholder as an advance to fund operating capital needs. The advance is non-interest bearing and has no definite repayment date.

5. *Franchise Sales and Agreements*

The Company started offering franchises in May 2019.

The Company enters into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various items to franchisees including, but not limited to, marketing and operational support.

6. *Subsequent Events*

Management has evaluated subsequent events through February 4, 2020, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

Exhibit G to the Village East Gifted Disclosure Document

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between Village East Gifted Franchise Inc, a New York corporation having its principal place of business located at 12 Doti Court, Huntington, New York 11743 (the "Franchisor"), and __________________, a _____________ with a principal address at _______________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. New York law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of New York.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:	RELEASOR:
______________________	______________________________
	(Name)
Witness:	VILLAGE EAST GIFTED FRANCHISE INC:
______________________	By:___________________________
	Name:_________________________
	Title:__________________________

Exhibit H to the Village East Gifted Disclosure Document

TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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 states below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	**September 16, 2019 amended October 7, 2021**
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
(KEEP THIS COPY FOR YOUR RECORDS)

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

If Village East Gifted Franchise Inc, 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. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we 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 Village East Gifted Franchise Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is Village East Gifted Franchise Inc, located at 12 Doti Court, Huntington, New York 11743. Its telephone number is (631)549-2313.

Issuance date: April 25, 2022

The name, principal business address and telephone number of the franchise seller for this offering is: ____.

Village East Gifted Franchise Inc, authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated ___________________, that included the following Exhibits:

A – State Administrators/Agents for Service of Process	E – List of Franchisees and Franchisees Who Have Left the System
B – State Specific Addendum	F – Financial Statements
C – Franchise Agreement with Attachments	G – Form of General Release
D – Multi-Unit Development Agreement with Attachments	H – Table of Contents of Confidential Operations Manual

Date Received: ________________________ DATE:_____________________________________
(If other than date signed)

____
(Signature of recipient)

____
(Printed name of recipient)

____

____
Legal residence address

You may return the signed receipt either by signing, dating and mailing it to Franchise Creator, at 7300 N. Kendall Drive, Suite 340, Miami, FL 33156, or by e-mailing a scanned copy of the signed and dated receipt to Franchise Creator at info@franchisecreator.com.

RECEIPT
(RETURN THIS COPY TO US)

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

If Village East Gifted Franchise Inc, 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. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we 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 Village East Gifted Franchise Inc, does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is Village East Gifted Franchise Inc, located at 12 Doti Court, Huntington, New York 11743. Its telephone number is (631)549-2313.

Issuance date: April 25, 2022

The name, principal business address and telephone number of the franchise seller for this offering is: ____.

Village East Gifted Franchise Inc, authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated ______________, that included the following Exhibits:

A – State Administrators/Agents for Service of Process	E – List of Franchisees and Franchisees Who Have Left the System
B – State Specific Addendum	F – Financial Statements
C – Franchise Agreement with Attachments	G – Form of General Release
D – Multi-Unit Development Agreement with Attachments	H – Table of Contents of Confidential Operations Manual

Date Received: ______________________ DATE:__________________________________
(If other than date signed)

____
(Signature of recipient)

____
(Printed name of recipient)

____

____
Legal residence address

You may return the signed receipt either by signing, dating and mailing it to Franchise Creator, at 7300 N. Kendall Drive, Suite 340, Miami, FL 33156, or by e-mailing a scanned copy of the signed and dated receipt to Franchise Creator at info@franchisecreator.com.