

WEPLAY MUSIC®



Franchise Disclosure Document

WePlay Music Franchise, LLC, a California limited liability company
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Irvine, CA 92620
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The franchise offered by this disclosure is a single unit franchise purchase whereby you will develop, own and operate a Music School providing professionally taught musical instrument and voice lessons, classes, choir and music theory to adults and children ages pre-school through high school, including selling related products and offering professional certification programs, under the name WEPLAY MUSIC and operating under the Marks and using the System as described in this document, and the Operations Manual. The total estimated required initial investment ranges from \$357,350 to \$630,000. This amount includes \$58,500 to \$67,500 that must be paid to the Franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact:
Desislava Grueva, 6452 Irvine Blvd., Irvine, California 92620 PH (949) 396-6907

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. 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 12, 2024, Amended September 9, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachment C.
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 Attachment A 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 WePlay Music business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a WePlay Music franchisee?	Item 20 or Attachment C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.
2. Short Operating History. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be riskier 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 services and support to you.
4. Mandatory Minimum Payments. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. Supplier Control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	7
ITEM 2 BUSINESS EXPERIENCE	8
ITEM 3 LITIGATION.....	8
ITEM 4 BANKRUPTCY	8
ITEM 5 INITIAL FEES.....	8
ITEM 6 OTHER FEES	9
ITEM 7 ESTIMATED INITIAL INVESTMENT	12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9 FRANCHISEE'S OBLIGATIONS	16
ITEM 10 FINANCING	17
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING ...	17
ITEM 12 TERRITORY	23
ITEM 13 TRADEMARKS.....	24
ITEM 14 PATENTS, COPYRIGHTS AND OTHER PROPRIETARY INFORMATION	25
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS	25
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	26
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	27
ITEM 18 PUBLIC FIGURES.....	29
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	30
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	31
ITEM 21 FINANCIAL STATEMENTS.....	32
ITEM 22 CONTRACTS	32
ITEM 23 RECEIPTS.....	33

FDD ATTACHMENTS

ATTACHMENT A	Financial Statements
ATTACHMENT B	Franchise Agreement with Exhibits and SBA Addendum
ATTACHMENT C	List of Current and Former Franchisees
ATTACHMENT D	Table of Contents for Manual
ATTACHMENT E	State Administrators and Agents for Service of Process
ATTACHMENT F	State Specific Addenda
ATTACHMENT G	General Release
ATTACHMENT H	Receipts

ITEM 1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify this Franchise Disclosure Document, "We" means WePlay Music Franchise, LLC, the franchisor, or "our" or "us" when appropriate. "You" means the person who buys the franchise. If you are a legal entity, "you" includes all owners of any equity interest in the entity. "WePlay Music" means the business you will operate under the Franchise Agreement, operating under our Marks and following our System. Your WePlay Music will sometimes be referred to as your business or your franchise herein and in the Franchise Agreement.

We are a California limited liability company formed on July 27, 2022. Our principal business address is 6452 Irvine Blvd, Irvine, California, 92620. We conduct business under the name WePlay Music and do not do business under any other name.

We have no predecessors. We have no parent.

Our affiliate, WePlay Music, LLC, a California limited liability company formed January 2017 owns and operate a WePlay Music located at 6452 Irvine Blvd., Irvine, California 92620 since 2017.

Our affiliate, WePlay Music – Parkview LLC, a California limited liability company formed June 2022, owns and operates a WePlay Music location at 5321 University Drive, Irvine, California 92612 since August 2022.

Our owner owns both affiliates. Those locations offer the same offerings as the offering in this disclosure document, except the affiliates offer online classes directly through our website, and the franchise offered herein does not include direct online offerings through the website, but you may set up individual Zoom classes for your students.

We do not own or offer franchises in any other lines of business. This is our first offering of franchises in any line of business. We will begin offering WePlay Music franchises in 2023. As of the date of this disclosure we do not have any franchisees.

Our agent for service of process in the State of California is:

Commissioner of Financial Protection and Innovation
www.dfpi.ca.gov
Toll Free (866) 275-2677
Ask.DFPI@dfpi.ca.gov

Our agents for service of process in other states are disclosed in Attachment E.

Franchise

Under the franchise we offer, you will develop, own and operate a Music School providing professionally taught musical instrument and voice lessons, classes, choir and music theory to children ages pre-school through high school, including selling related products and offering professional certifications, under the name WEPLAY MUSIC, such as Royal Conservatory of Music (RCM), The Associated Board of the Royal Schools of Music (ABRSM), and RockSchool Awards (RSL), and Music Teachers Association of California (MTAC—for California only). Our system includes, numerous music and voice lesson programs and curriculum for a variety of instruments for the children's and adults' use, a variety of music books, available for use and for sale, certification prep materials, trade names,

trademarks, logos, color schemes, and décor we make available to you through initial training, the operations manual, marketing materials and related items, along with continued updates, and industry information, all hereafter referred to as our proprietary “System.”

Competition

The market for your products is the general public ages pre-school to high school. You will compete with other national, regional and local businesses that offer “music related curriculum and musical instrument lessons, as well as individual teachers offering similar services. Your WePlay Music and most competitors will generally be located near residential and light commercial areas. Your WePlay Music may operate in close proximity to competitors. You will also compete with our company owned locations but we will not actively solicit students in your territory (other than our general website which reaches all areas).

Laws Affecting Your WePlay Music

You must comply with laws and regulations that apply specifically to facilities for children. Your operations must comply with all applicable state federal, and local laws applicable to your WePlay Music. You must investigate these laws and ensure compliance. You should also investigate applicable county and city ordinances and regulations.

ITEM 2. BUSINESS EXPERIENCE

Owner and Founder, Training Supervisor: Desislava Grueva

Ms. Grueva is our founder and sole owner of WePlay Music Franchising, LLC, based in Irvine, California since July 2022. She is also the founder and sole owner of WePlay Music, LLC, based in Irvine, California since January 2017 and WePlay Music-Parkview LLC, also based in Irvine, California since June 2022. Previously Ms. Grueva worked as Assistant Director for Brooklyn Melodies Music Center Dubai, UAE, from September 2007 to July 2014.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Franchise Disclosure Document.

ITEM 4. BANKRUPTCY

No Bankruptcy is required to be disclosed in this Item.

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ITEM 5. INITIAL FEES

The Initial Fee for the WePlay Music franchise is \$45,000* and is due in full upon signing your Franchise Agreement and is not refundable under any circumstances and considered fully earned.

If you qualify for a 2nd and additional franchise location(s) (either along with your first purchase, or a later purchase) the initial franchise fee for subsequent locations will be established at 75% of the then-current initial franchise fee. A separate franchise agreement is required for each franchise.

The initial fee is \$40,500 for the first prospective franchisee which is qualified under our normal qualifications to purchase a franchise offered in this disclosure document and does purchase a franchise under this disclosure document.

Before you open your WePlay Music, you must pay us between \$11,000 to \$20,000 for purchase of the required Musical Instruments, Accessories and Music Books needed to operate, and for inventory for the franchise, and you must pay us \$2,500 for the initial Training Program (details are in Item 11). None of these amounts are refundable.

*The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

ITEM 6. OTHER FEES*

Type of fee	Amount	Due Date	Remarks
Royalty Fee Note 1	8% of Gross Revenues per week	Payable weekly by Electronic Funds Transfer which will take place on the Wednesday of each week following the week which Gross Revenues are calculated.	This fee will begin the first week you are open.

Brand Marketing Fund Note 2	\$ 70 per week	Payable weekly by Electronic Funds Transfer at the same time as the royalties.	This fee will begin the first month you are open.
Local Advertising and Marketing	Not less than \$1,000 until the business reaches and sustains a minimum of 200 students. At 200 or more students, the minimum drops to \$450 per month. However, if the number of students falls below 200, the minimum monthly spend needs reverts to \$1000.	Monthly or as incurred	You must advertise locally and provide receipts to us upon request. We reserve the right to increase these minimum requirements by up 10% annually.
Cooperative Advertising	As determined by cooperative	As determined by cooperative, payable to the vendors	If there are two or more Franchises in a marketing area, as we determine, if the franchisor decided that a cooperative should be formed you must participate in the cooperative and contribute moneys as determined by a majority vote of the cooperative. The cooperative will be operated according to the bylaws established by the cooperative
Additional Training Note 3	After the first 2 people trained (for the Training fee—see Item 7), we will train additional people for the current training fee. We charge \$400 per day for specific extra training you need on site, beyond the initial training, at your request or if we deem necessary, plus travel/lodging costs of franchisor.	In advance of the training program(s)	You and your WePlay Music Manager must complete the initial training (cost included in the Initial Fee for first two persons trained). If you obtain a new or replacement manager that person is required to complete training. You are responsible for all compensation, salaries, benefits and travel-related expenses for you or any employees.
Convention or Regional meetings	Varies from 0-\$1000 depending on the length of the meetings	Before start of convention or meeting	We may have a convention or regional meetings annually or otherwise. You must attend such meetings at your cost.
Ongoing inventory and materials	Varies	According to purchase terms	You will buy the majority of your materials from us, our affiliate, or a vendor we designate.
Transfer Fee	\$1,500 if the transfer is to a corporation or other entity with the same identical ownership or control. OR 70% of the then-current initial franchise fee if the business is sold to a franchisee who will be new to the system, OR 50% of the then-current initial franchise	Before completing transfer	Payable only if you sell your franchise or any part of your business to a new owner.

	fee if the business is sold to an existing WePlay franchisee approved for expansion.		
Technology Fee	\$25 per week	due on a weekly basis, paid with the royalties and Brand Marketing fees.	Payable to us. We reserve the right to increase the amount up to \$100 per week, during the term of the franchise agreement
Audit Fee	1.5% per month interest on amount of underpayment plus the cost of the audit plus the amount of the underpayment	Immediately upon billing	Costs of audit payable only if an audit reveals that you have under reported Gross Revenues by 2 percent or more.
Renewal	One half the THEN current Initial fee.	Before consummating Renewal	You will be required to sign a new franchise agreement on then current form, which may contain different terms.
Late Payment/ Interest	Late charge equal to 5% of payment due, together with interest at one percent (1%) per month, not to exceed highest legal rate.	On receipt of invoice	Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.
Insufficient Funds fee	\$250	On notice	
Indemnification	Will vary under circumstances	As incurred	losses we suffer from the operation of your business
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Awarded to prevailing party if you and we are involved in any legal claim

*Unless otherwise indicated, the fees that are payable to us are uniformly imposed and collected and are non-refundable.

Notes Regarding Other Fees:

Note 1. Gross Revenues

Gross Revenues is the total selling price of all products and services and all income of every other kind related to the WePlay Music, (including without limitation income related to all sales of all products and services, provided from or related to your WePlay Music, whether for cash, credit, barter or otherwise, including proceeds from the sale of gift cards gift certificates, coupons or similar promotions, and regardless of collection in the case of credit extended. You will pay the Royalty Fee monthly by electronic funds transfer and must sign an authorization allowing direct transfers from your bank. The only exception is for sales tax collected.

Note 2. Brand Marketing Fund

You will pay a weekly Brand Marketing Fee, in the same manner and at the same time as your Royalty Fee. Brand Marketing Fees are in addition to your local advertising and any cooperative advertising obligation. We may increase this with 60 days' notice not to exceed a maximum of \$120 per week.

Note 3. Additional Training Expense.

You may have additional employees trained at your expense at the then-current training rate. The current training rate will be maintained in the Operations manual. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees. We may require you or your employees to attend additional training at a location we determine at the then-current training rate. You may request additional on-site training at the then-current training rate plus our travel and lodging expenses.

ITEM 7.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Category	Low Amount	High Amount	Method of Payment	When Due	To Whom Paid
Initial Fee Note 1	\$45,000	\$45,000	Lump Sum	Upon Signing Franchise Agreement	Us
Initial Training Fee (up to 2 people trained at the same time) Note 2	\$2,500	\$2,500	Lump Sum	Before attending training	Us
Rent & Security Deposit (3 Months) Note 3	\$18,000	\$35,000	As Incurred	As Incurred	Landlord
Studio Design & Architecture	\$15,000	\$25,000			Approved or designated Designer or architect.
Leasehold Improvements Note 4	\$175,000	\$350,000	As Incurred	As Incurred	Contractors
Musical Instruments, Accessories, and Music Books for Operations Note 5	\$5,000	\$8,000	Lump Sum	Before you open	Us (or in the future approved vendor)
Inventory for Resale (Music Instruments books and accessories) Note 6	\$6,000	\$12,000	Lump Sum	Before Opening	Us (or in the future approved vendor)
Pianos Note 7	\$35,000	\$50,000	As incurred	Before Opening	Approved or designated Vendors

POS System and initial software	\$3,000	\$6,000	As Incurred	As incurred	Vendors
Travel & Living Expenses While Attending Initial Training Note 2	\$500	\$1,500	As Incurred	As Incurred	Hotels, airline, Food, vendors, etc.
Furniture, Office Supplies	\$10,000	\$20,000	As Incurred	Before Opening	Vendors
Signs	\$7,500	\$12,500	As Incurred	As incurred	Approved or designated Vendors
Grand Opening Note 8	\$7,500	\$12,000	As Incurred	As incurred	Vendors
Insurance Note 9	\$1,350 (3 mo)	\$2,000 (3 mo)	As Incurred	As Incurred	Vendor
Professional Fees Note 10	\$1,000	\$3,500	As Incurred	As Incurred	Professionals
Additional Funds (3 months) Note 11	\$25,000	\$45,000	As Incurred	As Incurred	Vendors
TOTALS	\$357,350	\$630,000			

Notes Regarding Initial Investment:

Note 1: Initial Fee.

The Initial Fee is payable in full upon signing the Franchise Agreement and is non-refundable.

Note 2. Training Fee.

We will train you and one other person for the Initial Training Fee of \$2,500, if both trainees are trained at the same time, and is not refundable. You or a manager responsible for full time business operations and management must be trained in our initial training; You may have additional employees trained at your expense at current training fee of \$400 per day. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for trainees. We may require you or your employees to attend additional training at a location we determine at the then-current training rate. You may request additional on-site training for our then-current training rate, plus our travel and lodging expenses. You must pay travel and lodging for you and your trainees during training. Those additional training costs are non-refundable.

Note 3: Real Estate Rental.

You must lease a location for the WePlay Music that meets our general guidelines. The space should be between 1500 and 2300 square feet in or near Class A type shopping center, which allows open hours of operation (approximately) Monday through Friday 2pm to 8pm and Saturday 9am to 3pm, with optional Sunday hours, or such other hours as is allowable according to the location restrictions however you must be open 5 days a week and generally 6 hours a day. Leases will vary

in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit and advance rental required. You may be liable for the entire term of the lease whether or not you succeed in the WePlay Music. You should consult your lease documents and your attorney. You must incorporate the terms of the Conditional Lease Assignment into your lease, see Exhibit C to Franchise Agreement. Your lease payments will be non-refundable other than any potential Landlord reimbursement allowance in accordance with your lease.

Note 4: Leasehold Improvements.

We will provide standard guidelines for the layout of the tenant improvements. The cost could be higher if you or your landlord request changes from the standard design and materials.

Some landlords finance leasehold improvements by amortizing them over the lease term and charging a higher rental amount to cover the cost. You should attempt to determine your costs and financing options before deciding on a location. Costs for these improvements are not refundable, unless agreed by the Landlord.

If you are taking over or continuing in an existing WePlay Music, we may require that you remodel, redecorate or make other changes to the Location to comply with our specifications, at your cost.

Note 5: Inventory for Operations (Musical Instruments, Accessories and Music Books)

You must purchase and will maintain a supply of inventory for operations of your WePlay Music, consisting of Musical Instruments (pianos additional), Accessories and Music Books. The minimum requirements will be listed in the Operations Manual, and further determined based on your location size but generally will consist of recorders, hand percussion items, violins, guitars, ukuleles. The costs will range from \$5,000-\$8,000. These costs are as of the date of this disclosure, and subject to change based on supply and other factors. At this time, we are the only required vendor for purchase of the remaining Musical Instruments, Accessories and Music Books, but may designate other approved vendors. The purchase price for these items is non-refundable. If you already own certain instruments, we may approve those already owned upon our inspection.

Note 6: Inventory for Resale (Musical Instruments, Accessories and Music Books)

You must purchase and will maintain a supply of inventory for resale of Musical Instruments Accessories), and Music Books for your WePlay Music. These costs are as of the date of this disclosure, are approximately \$6,000-\$12,000 and subject to change based on supply and other factors. At this time, we are the only required vendor for purchase of the remaining Musical Instruments, Accessories and Music Books, but may designate other approved vendors. The purchase price for these items is non-refundable.

Note 7: Pianos/Grand Pianos

You must have or obtain (through lease or purchase) 5 pianos with 1 of which being a Grand Pianos, to open your WePlay Music, through approved vendors. If you lease the required pianos needed for operating your franchise your lease payment will likely be between \$1,000-\$1,500 per month depending on your credit and other factors.

If you borrow money to purchase the Pianos, your monthly fixed expenses will increase.

Note 8: Grand Opening.

We require a "grand opening" appropriate for your community, competitive situation and similar factors. The cost of a grand opening is difficult to estimate with accuracy because of local market factors, including the types of marketing media available, the cost of marketing space or time and the local competitive situation.

Note 9: Insurance.

We require you to purchase and maintain, at your expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability. (See Item 8).

Note 10: Legal and Accounting Professional Fees.

You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors. Depending upon your experience and staffing, you will need accounting services, which will be extra. You should consult your accountant for an estimate of fees. This amount will vary based on what the Professional charges.

Note 11: Additional Funds.

This range estimates a 3-month initial period for expenses and include payroll costs utilities, royalties, other services, and inventory replacement. The numbers are our best estimates based on our first affiliate owned WePlay Music. These estimates do not include owner compensation or return on investment. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as, how closely you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for the products and services you offer, the prevailing wage rate, competition, and the sales level you reach during the initial period. You may need additional funds and are advised to see professional assistance in determining your own expenses and budget, including potential delays in construction, or employee training or other factors that may utilize your additional funds. We do not provide direct or indirect financing to our franchisees.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase from us, (or an approved vendor) all the Musical Instruments, Accessories, Music Books and branded items, flyers, and business cards necessary to start and operate the WePlay Music.

You must obtain the required pianos from an approved vendor.

You must operate your franchise in accordance with our specifications in the Operations Manual. These specifications include specific curriculum for each age level and each separate program, specific instruments for use and for resale, software management, Franchise operations and look of Franchise. You must use our curriculum (plan for 3 or 6-months course) in the Operations Manual.

We are the only approved vendor for required purchases of Musical Instruments, Music Books and branded items, flyers, and business cards as of the date of this disclosure but may in the future designate other approved vendors.

You must use only a designer or architect that is designated or approved by us.

You must use the sign vendor that has been designated or approved by us.

You must use the instructor background check vendor that has been designated or approved by us.

You must use our designated outsourced accounting firm for minimum of 12 months from the date your studio opens. You will be responsible for the cost of outsourced accounting services.

We do not guarantee or provide any warranty on behalf of our designated or approved vendors.

Our officer/founder does not have any interest in other required vendors other than us. You must purchase insurance in accordance with our requirements. Such insurance shall consist of combined single limit coverage of at least one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) annual aggregate. You must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer or with a state agency. You must provide us with one or more certificates of insurance evidencing such coverage and naming us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to us. Upon our request you must provide us with a copy of any insurance policy, including all endorsements. Every insurance policy must provide that coverage is primary/non-contributory. Any refundability will be in accordance with the insurance company.

Keeping in mind that the price of insurance has varied widely in recent years, you should obtain a price quotation from your insurance agent or broker and not rely solely upon our estimate in planning to purchase the Franchise. Workers Compensation and employers' liability insurance are extra and you should obtain prices from your state agencies or your insurance agent or broker.

We may publish a list of other approved vendors in the Operations Manual. We may approve other vendors if you request it in writing or if a vendor requests it and if the vendor demonstrates to our satisfaction that it is financially stable and can provide product(s) or service(s) that meet our specifications and that are consistent with our image. We may charge a reasonable fee to cover our costs in evaluating a proposed vendor. We will give you a good faith estimate of our cost of evaluating a proposed vendor within a reasonable time after you make the request, but before we begin the evaluation process. We will normally make our decision within sixty (60) days. We reserve the right to disapprove any previously approved vendor whose performance falls below our standards.

We may derive revenue on your purchases of Musical Instruments, Accessories, Music Books, branded items, flyers and business cards.

Since we have not yet sold any franchises, we have not derived any revenue based on required purchases or leases by franchisees made in accordance with our specifications, in our last fiscal year.

Because of common industry practices, we may in the future receive rebates, discounts and allowances from some vendors with whom you do business. We will place such monies in either the Brand Marketing Fund or use them to cover the cost of franchisee conferences and conventions and franchisee incentive programs. We anticipate that such rebates, discounts and allowances may range from zero percent to as high as fifteen (15%) percent of the amount of your purchase of certain items. We expect the amount and availability to vary from time to time based upon factors outside our control.

Please review Item 11 for information regarding computer hardware and software you must purchase or license.

We may negotiate purchase arrangements with suppliers for your benefit in the future. Except as described in this Item, we do not currently provide any material benefits to you based upon your use of designated or approved sources.

We estimate that your purchases of goods and services in accordance with specifications will represent approximately 17% to 20% of your total purchases in connection with establishing your WePlay Music and approximately 20% to 25% of your total ongoing purchases in connection with operating your WePlay Music.

We do not have any purchasing or distribution cooperatives.

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 franchise disclosure document.

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	1,6 Exhibit B	11
b. Pre-opening purchases/leases	6, 7,	7
c. Site development and other pre-opening requirements	1, 6, 7	5, 7, 17
d. Initial and ongoing training	4, 7	11
e. Opening	1, 6, 7	
f. Fees	2	5, 6, 7
g. Compliance with standards and policies/Operating Manual	1, 5, 6, 7	7, 8, 11
h. Trademarks and proprietary information	1, 5	13
i. Restrictions on products/services	1, 6, 7	8, 16
j. Warranty and customer service requirements	4, 7	
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	7	6, 8, 16
m. Maintenance, appearance and remodeling requirements	7	7, 11
n. Insurance	8	7
o. Marketing	2, 7	11
p. Indemnification	8	17
q. Owner's participation	7	15
r. Records/reports	3	6
s. Inspections/audits	3	6
t. Transfer	12	17
u. Renewal	9	17
v. Post-termination obligations	16, 17	17
w. Non-competition covenants	16	17
x. Dispute resolution	19	17

ITEM 10.
FINANCING

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

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

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

Pre-Opening Obligations.

Before you open your WePlay Music, we will:

1. License you to use our Marks and System in connection with your WePlay Music (Franchise Agreement - Article 1);
2. Designate your Territory (Franchise Agreement - Article 1);
3. Approve or disapprove your business Location (Franchise Agreement - Articles 1 & 7);
4. Provide you with Leasehold improvement guidelines and interior layout and decor (Franchise Agreement Article 6);
5. Provide you with the required Musical Instruments, Accessories and Music Books flyers, and business cards you purchase from us (Franchise Agreement Article 6);
6. Identify your WePlay Music location on our main website; www.weplaymusic.com (Franchise Agreement Article 1);
7. Provide you with current curriculum materials and suggested pricing guidelines, as part of the operations manual (Franchise Agreement, Article 1);
8. Loan you or provide electronic access to our operations specifications, standards, procedures, processes, and requirements and trademark standards, and designated vendor lists which may be in a variety of formats, including paper, electronic, webinars, etc. ("the Operations Manual"). The Operations Manual is confidential and remains our property. We will modify the Operations Manual, from time to time and you are required to comply with all changes. (Franchise Agreement - Article 1); and
9. Provide initial training for you and one additional person as provided below;
10. We will also be available to advise and assist you in opening the WePlay Music by coordinating your pre-opening activities and operations, as we deem necessary for the opening of your franchise.

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Post-Opening Obligations.

After you open your WePlay Music, we will:

1. Take any actions we deem appropriate to protect or defend the Marks or System (Franchise Agreement - Article 1);
2. Provide you periodic updates to the Operations Manual (Franchise Agreement - Article 1);
3. Provide you with ongoing lists of current new curriculum and materials and suggested pricing guidelines, and approved vendors and approved items to be sold, which may be communicated through Operations Manual updates or other internal communications. (Franchise Agreement – Article 1);
4. Provide a periodic training program for your manager(s) and for certain other employees, at our regular charge for the training (Franchise Agreement - Articles 4 & 5);
5. Provide periodic consultation and advice concerning your operation of the Business and to generally be of assistance (Franchise Agreement, Article 1);
6. Provide you specifically requested additional training onsite at a mutually agreeable time for the current daily additional training fee (currently \$400 per day). Franchise Agreement, section 4).
7. Maintain the website: www.weplaymusic.com; You may not create a separate webpage without our express consent (Franchise Agreement Article 1)
8. Manage the Brand Marketing Program and manage the Brand Marketing Fees (Franchise Agreement, Article 2). The Franchise Agreement does not require us to benefit you with every marketing program. We may charge our marketing research, development and production expenses against the Brand Marketing Fees. Any Brand Marketing fees not used during any one year remain in the marketing fund for the next year.

MARKETING AND ADVERTISING

Except as provided below under Brand Marketing Fund, we are not required to spend any amount on marketing or advertising.

Local Area Advertising

You are required to spend at least \$1,000 per month on local area advertising and community outreach (working with community schools) and must provide us with proof of expenditures upon our request. You must obtain our prior consent for local advertising. Once your student count reaches 200 the required local marketing spend decreases to \$450; however if the number of students drops below 200, the monthly spend will revert to \$1,000.

Grand Opening

You are required to spend between \$7,500 to \$12,000 in Grand Opening promotions and provide us a plan we will approve. The plan may include Public Relations, Media Outreach, Social Media, Events-Set up, Mailers, advertising, and on-site presence and promotions. We will provide guidelines for conducting a Grand Opening Plan (Franchise Agreement, section 2).

Promotions

You are required to participate in all company-wide promotions, and discount programs including Groupon, or similar coupons. You are required to participate in any gift card program we institute. (Franchise Agreement, section 2).

Local Advertising Cooperative

If at any time, there are two or more WePlay Music franchisees within a marketing area, we may in our discretion form a local marketing cooperative; if we do you must participate. We will decide and may modify the size and location of any marketing area. A local marketing cooperative, by a majority vote, may assess determine the amount of dues, and the advertising to participate in, and will make its own rules and procedures and administering its own funds. We will act as an advisor when needed but will not participate in the dues or administering the funds collected or to be collected. The cooperative will be run according to its Bylaws.

You may not engage in sales through alternative distribution channels or the Internet without our prior written approval. We are not required to give you such approval.

Brand Marketing Fund

We will establish an Brand Marketing Fund (the "Fund") for such advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote WePlay Music locations. We will administer the Fund as follows:

Once established, we will direct all advertising and public relations programs financed by the Fund, with sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an on-line presence. The Fund may be used to pay the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; providing a telephone number for prospective customers to call for referral purposes; and providing promotional brochures and other marketing materials to franchisees in the System) and maintenance of the main website, and social media pages. Also, monies in the Fund may be used to cover administrative costs and overhead we may incur including salary costs of employees working for the Fund, up to 15%. You must participate in all advertising and public relations programs instituted by the Fund. All WePlay Music locations owned by us will contribute to the Fund on the same basis as you. Once established, you are required to contribute \$70 per week to the Fund.

The Fund will be accounted for separately from our other funds, although we need not establish a separate bank account for the Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all WePlay Music locations 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. A statement of monies collected and costs incurred by the Fund will be prepared annually by us and will be furnished to you upon written request. This statement will not be audited.

You authorize us to collect for remission to the Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your required contribution to the Fund.

The Fund is intended to maximize recognition of the Proprietary Marks and patronage of WePlay Music locations generally. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs, and to place advertising, in order to benefit all WePlay Music locations, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the WePlay Music locations operating in that geographic area or that any WePlay Music location will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fund. We have no fiduciary obligation to you or any other WePlay Music in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund.

The Fund may place advertising in any media, including print, radio and television. The coverage is typically regional and national in nature. Advertising may be developed in-house and/or by regional and national advertising agencies. No money will be spent by the Fund to solicit new franchisees.

There have been no collection of monies and no advertising expenditures for 2023.

Advisory Councils

We currently do not have an advisory council.

Advertising Cooperatives

We currently do not have any local or regional advertising cooperatives for Franchisees in which you are required to participate.

COMPUTER HARDWARE AND SOFTWARE

We require you to obtain and use the following hardware and software:

A computer with the following parameters:

8-Core CPU

8-Core GPU 512GB Storage (Front Desk computer)

- 512GB storage¹
- 8GB unified memory
- 24-inch 4.5K Retina display²
- Two Thunderbolt / USB 4 ports

The required scheduling Software is Mindbody. We may add any additional, or substitute software and hardware in the future as needed. We estimate the total cost of the hardware and software to be approximately \$2,000-3,000 plus monthly subscription charged by the MindBody software vendor which is currently \$200-\$300 per month.

You must use Quickbooks accounting software for your financial records to be submitted to us.

We recommend (but do not require) that you use ADP for your payroll software.

We will have independent access to your sales information and other store information. There are no contractual limitations imposed upon our access to your franchise data.

We require you to have high-speed internet Wifi.

You are responsible to maintain and repair your hardware and to update or upgrade your software. You must upgrade your Front Desk Computer as needed to run efficiently, and we estimate that could be every 3 years depending on your volume. We estimate the cost to maintain or upgrade your hardware and software to be \$2,000-\$3,000.

We may recommend or require additional hardware.

SITE SELECTION AND TIME TO OPEN

It is our standard procedure to have you search, identify and ultimately select the site for the WePlay Music. Our site acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We must approve any site selected, but our approval in no way serves as a guarantee of success for the location, only that it meets our general criteria. We may take up to 30 days to approve each proposed site you submit. If you do not secure a suitable site within 180 days (or more, if you request and receive an extension) from signing the Franchise Agreement, we can terminate the Franchise Agreement and you will not be entitled to receive any refund of the Initial Franchise Fee.

You may not open the WePlay Music for business until: (1) we approve the location improvements as developed according to our specifications and standards; (2) pre-opening training been completed to our satisfaction; (3) the Initial Franchise Fee, Training Fee, and all other amounts then due to us have been paid; (4) you have obtained all the required Musical Instruments, Accessories and Music Books, and other supplies and branded items, and (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must open the WePlay Music for business within 1 week, after we notify you that it is ready to open unless there are circumstances beyond your control. We must approve any delay in opening of the WePlay Music with approval to be reasonable in nature.

The typical length of time between when you sign the Franchise Agreement and the time when your WePlay Music opens will generally be 9 to 18 months. The factors affecting this length of time include the time necessary for you to obtain your location for the tenant improvements to be completed, and to obtain your equipment furniture fixtures and signs, and other décor items needed, and to schedule your initial training, and hire and train any necessary employees. There may be other circumstances in which, because of delays, construction schedules and other events beyond your and our control it takes longer.

You should not terminate employment or cease other income producing activity until after these events have occurred.

You must execute a Conditional Lease Assignment or similar language in your location lease, assigning rights to take over the location to us upon their default. The Form Conditional Lease Assignment is in Exhibit C to the Franchise Agreement.

OPERATIONS MANUAL

Our Operations Manual contains all aspects about the operations of your WePlay Music and our company philosophy and is 640 pages. We reserve the right to modify, add, delete and revise the Manual at any time in our sole discretion, and if we do, we will provide you with updates sections either electronically or hard copy or both. The Table of Contents of our Operations Manual is contained in Attachment D to this Franchise Disclosure Document.

The Operations Manual is confidential and our proprietary property which will be on loan to you. You must safeguard this Manual and not allow it to be distributed to any third parties except as necessary

to operate your business, and only then to individuals who have signed a confidentiality agreement as in Attachment G to the Franchise Agreement.

TRAINING

The initial training fee covers for a total of two people trained at the same time, but you must pay the travel and living expenses for you and your trainee(s). An additional training fee is due for any trainees beyond two. All training occurs at our Irvine, California location and may in the future occur at one or more operating WePlay Music locations or some elements maybe online or virtual. You and your trainees must successfully complete the initial training program. We will decide whether you successfully complete the initial training program based upon knowledge test results and our observations of your ability to use the knowledge effectively. Listed below is a chart showing our tentative training schedule, the principal instructors, the instructional material you will use, and the location of the training:

Training Program			
SUBJECT	CLASSROOM HOURS	ON THE JOB HOURS	LOCATION
Facility Management	14	14	Our Company location in CA or other designated location, or virtual
Operations Management	4	6	Our Company location in CA or other designated location, or virtual
Programs and Program Coordination	1	0	Our Company location in CA or other designated location, or virtual
Facility Administration	6	6	Our Company location in CA or other designated location, or virtual
Teachers	5	4	Our Company location in CA or other designated location, or virtual
Total	30	30	

All hours are approximate, and we may adjust them based upon your experience and rate of learning. Since we have not yet sold any franchises and are still formulating our training program, there may be additional categories and hours than indicated above, and some categories or hours may be reduced.

This is our estimate only and we are still making refinements as we open WePlay Music locations.

Ms. Grueva will coordinate and supervise training, which may include bringing in other appropriate

persons to conduct parts or all of the training. Please refer to Item 2 for biographical information regarding Ms. Grueva. Any other training instructors will have at least 1 year experience at the WePlay Music store level or related experience.

Our new franchisee training program consists of approximately 5 days (30 hours) of instruction by our current management team concerning all aspects of the operation and management of the business. The training program will be offered as needed for all new franchisees. The number of times per year offered will depend on the number of new franchisees that have come into our system.

In addition, corporate personnel will spend approximately 1 day per week, during the first 4 weeks in your WePlay Music location after you open for additional post-opening training. The post-opening training days will be approximately 6 hours per day.

You are responsible for the recruitment and hiring of *all* of your employees. You are also responsible for the training of all WePlay Music employees, however we offer training for additional employees beyond the 2 your training fee covers, for an additional \$400 per day. Your Music Instructor for your WePlay Music location must possess at least a Bachelor's Degree, or higher, in the instrument they will be teaching.

We may institute additional required training courses in the future.

ITEM 12

TERRITORY

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

We will grant you a geographic territory ("Territory"), which we will describe in Exhibit B to the Franchise Agreement. Your Territory will be determined by us once you secure your location, and will be based on population and/or number of households for the surrounding area. The minimum territory will contain at least 30,000 population.

However, if you are not in breach of the Agreement, we will not locate or open a WePlay Music in your Territory, either company-owned or franchised, during the term of the Agreement.

You are permitted to operate your WePlay Music only at one location and only within your Territory. The Franchise Agreement does not grant you any options, rights of first refusal or similar rights to contiguous territories.

If you seek to relocate your WePlay Music you must obtain our approval of the new location, which must be inside your territory. We have the right to deny a relocation that in our opinion would be too close to another WePlay Music even if the new location is inside your Territory. We reserve the right to re-draw your or other franchisees' Territory borders with your or the other franchisees' consent, to accommodate a re-location or a new franchise to accommodate a distance in our opinion that would be beneficial to contiguous territories. We will not re-draw your Territory without your consent.

There are no restrictions on where customers may come from. You may only engage in direct marketing within your Territory, except with our prior approval. However, the location and format for any off-site activities such as recitals must be approved by us.

The Agreement excludes certain sites from your Territory, even though they may be located within the boundaries of your Territory. Exclusions are: Home shows, trade fairs, exhibitions and online sales of music instruction. We also reserve the right to open a WePlay Music in the following non-traditional areas inside your territory and need not compensate you: Indoor Malls, amusement

parks, universities, hospitals, or similar closed area locations or facilities. We retain the right to organize offsite events that may include more the participation of more than one franchised studio.

We, or a person we designate, may directly or indirectly sell and distribute goods and services at those locations, including the same goods and services you offer and may use the Marks, without paying you or any other franchisee. In addition, we may offer products and services under the same or a different trade name or trademark, including within your Territory through alternative distribution methods, including through catalogs, mail order and through electronic media, including television, radio, the internet and through other new or emerging commercial technological media without paying you. You may not market your goods and services over the Internet through social media, nor through other alternative distribution methods without our prior written approval.

We do not plan to operate or franchise businesses under a different trademark that will sell goods and services that are the same or similar to those you will sell.

Except as described above, we will not alter your Territory. Your continued Territory rights are not affected by your sales volume, market penetration or any other contingency.

ITEM 13. TRADEMARKS

Our owner owns the following federally registered trademarks in the United States Patent and Trademark Office (USPTO), which she has granted to us an unlimited license to use and sublicense. If for any reason we lose our license, you will have a direct license and franchise relationship with our owner and your franchise will remain in place.

MARK	Application Date/ Registration Date	Serial No. Registration No.	I.C.
WePlay Music	Registered August 27, 2019 (principal register)	Registration No. 5843818	041
	Applied July 15, 2022 (Principal Register)	Serial No. 97505801	041
WeRock	Applied April 27, 2023 (Principal Register)	Serial No. 97910810	041
Little Amadeus	Registered April 4, 2023 (Principal Register)	Registration No. 7018194	041
Baby Amadeus	Registered April 4, 2023 (Principal Register)	Registration No. 7018178	041

All affidavits will be timely filed with the USPTO.

We give you the right to use the name “WePlay Music” and our logo and other trade names, trademarks, service marks, trade dress and logos we currently use or which we may adopt or be sublicensed, (the “Marks”) in the WePlay Music. You must follow our rules when you use the Marks. You may only use the Marks exactly as we specify. You may not use any of the Marks in connection with the offer or sale of any unauthorized product or service.

We do not have a federally registered trademark on our logo above. Therefore, the logo does not have as many legal benefits and rights as a federally registered trademark. However, it contains the words on which we do have a registered trademark. If for any reason we are no longer allowed to use our logo, you must also stop using the logo, which may increase your costs.

There are no presently active determinations of the USPTO or any state or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving the Marks that is relevant to your ability to use the Marks in connection with the WePlay Music.

There are no agreements that significantly limit our rights to use or license you to use the Marks in any manner material to the WePlay Music.

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

If a third party sues you claiming that you are infringing the trademark or trade name of the third party by using the Marks, you must inform us immediately. We or our affiliate will determine whether or not to defend and indemnify you in this lawsuit, and if we or they do, we or they have the right to control the litigation including any settlements, for which we or they will indemnify you. However, we or they will not agree to any judgment against you.

It may become necessary in our sole discretion, because of trademark litigation, a decision of the USPTO, or otherwise, to change the Marks. In that event, you must immediately adopt the new or revised Marks and our maximum liability, including for any purported goodwill, is to reimburse you for the actual out-of-pocket costs of changing the principal signs identifying your WePlay Music.

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

Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing.

You may not use our Marks, name or the words “WePlay Music” in your corporate or LLC name. You or your corporation or LLC may file a fictitious business name statement in the county where your WePlay Music is located, with our prior consent as to format of the name.

We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new classes, curriculum, materials or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or

modify your use of any Mark. Except as provided in this Item 13, we will have no liability or obligation to reimburse you for your modification or discontinuance of any Mark or costs of implementing a new Mark.

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any patents. We claim copyright protection in the Operations Manual and revisions, the class curriculum, instruction methods, and all training materials we provide, which constitute our confidential information and trade secrets. We and our affiliate have not registered any copyrights but may in the future.

The Manual(s), the contents of each, and certain other information we will provide to you, are all confidential information. All information we provide to you or which you develop in the course of performing under the Franchise Agreement, which is not generally available to the public is our Proprietary Information, including the customer lists and customer information. You are responsible for protecting all Proprietary and Confidential Information and you cannot transfer them or sell the same to anyone at any time, not use the confidential information including the customer lists and customer information in any other business or offering other than as a We Play Music franchisee.

You must require each manager and employee to whom you disclose our Proprietary Information to sign a confidentiality agreement. The current form of confidentiality agreement is Exhibit G to the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS

You must either devote your full time and effort to managing and operating the WePlay Music or delegate its management or operation to a trained manager and must reserve and exercise ultimate authority and responsibility over operation and management. If you delegate management and operation to a manager, the manager must first successfully complete our initial training program before, or within thirty days after assuming the role of manager. If you are a corporation or other entity, each owner must personally guaranty the Agreement and the entity must designate a competent manager. We do not require the designated manager to be an equity owner of the franchised business. You must require each manager and employee to whom you disclose our Proprietary Information to sign a confidentiality agreement. The current form of confidentiality agreement is Exhibit G to the Franchise Agreement. You must sign a personal guarantee. If you are an entity, all your owners must sign a personal guarantee. The current form is Exhibit E to the Franchise Agreement.

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer for sale only products and services we approve. You must offer all required products and services under our Marks and following our System. You must obtain your supplies and equipment from suppliers we approve.

We are currently the only approved supplier for the required Musical Instruments, Music Books and branded items, flyers and business cards, and reserve the right to designate other approved vendors. We have sole discretion in determining what constitutes the WePlay Music image.

You may not engage in sales through alternative distribution channels or the Internet without Our prior written approval. We are not required to give you such approval.

We may change the System or any part of the System at any time, and as changed it will remain the System. We own any improvements or changes in the System whether we, you or other franchisees develop them and have the right to adopt and perfect such improvements or changes without compensating you. If we modify the System, you must, at your own expense, adopt and use the modification(s) as if they were part of the System at the time you signed the Agreement. There are no restrictions on our right to modify the types of goods and services you will offer that we determine should be offered at all WePlay Music locations.

You may not use your WePlay Music for any purposes other than the operation of the WePlay Music in full compliance with the Franchise Agreement and Operations Manual, without our prior written approval. You must purchase, use and offer each of and only the types, brands and quality of products and services we designate.

You must operate your WePlay Music all days and during the minimum hours we prescribe in the Operations Manual, unless local conditions, like terms of your lease, require different days/hours or you obtain our prior written consent.

Any variation from our mandatory requirements requires our prior written approval. We may grant approval only in exceptional cases in our discretion. Granting an exception to another franchisee does not require us to grant you that or any exception. We may add to, modify or discontinue the approved curriculum, classes, instrument rentals, and other services you must offer. We communicate changes by written bulletin or revisions to the Operations Manual. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular services which we delete from the approved list.

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ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

The Franchise Relationship

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Article 1.01	10 years.
b.	Renewal or extension of the term	Article 9.01	Two additional 5-year renewal terms
c.	Requirements for you to renew or extend	Article 9.02	Be in good standing, sign new agreement, which may contain terms and conditions materially different than your original contract, update or replace equipment, retain location, remodel or refurbish, give 6 months' notice and pay a fee of one-half the THEN current Initial Fee, no unethical conduct or otherwise cause harm to Marks, We must still be offering franchises.
d.	Termination by You	Not Applicable	You may terminate on any grounds allowable by law.
e.	Termination by Franchisor without cause	Not Applicable	
f.	Termination by Franchisor with cause	Articles 15(a) and 15(c)	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating your territorial rights does not limit our rights thereafter to terminate your franchise for the same or a different cause.
g.	"Cause" defined--defaults which can be cured	Anything not listed in Article 15(b)	You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period. You may be required to complete a remedial program in lieu of termination.
h.	"Cause" defined--defaults which cannot be cured	Article 15(b)	Non-curable defaults: repeated defaults, even if cured; you are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; failure to correct any health codes violation or regulations; premises gets shut down by government, or Landlord; conviction of a felony, unethical or dishonest business dealings; termination of any other agreement between you and us for cause.

	Provision	Section in Franchise Agreement	Summary
i.	Your obligations on termination/nonrenewal	Articles 16.02 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual; certain notification obligations; payment of sums due to us; We have option to lease or assume lease for your location; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and We have option to purchase any part of your business assets. If we elect to assume your lease and to operate a WePlay Music business from your Location, we will purchase of assets (other than the trademarks or franchise license, and customer list which we own), for appraised value from independent appraiser; You must cooperate in a changeover procedure, in order to facilitate a smooth transition.
j.	Assignment of contract by Franchisor	Articles 12.05 & 14	No restriction on our right to assign if our assignee assumes all of our obligations.
k.	"Transfer" by You--definition	Articles 12.01, 12.03	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of your business, the location lease, or of any ownership interest in the Franchisee if you are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor's approval of transfer by franchisee	Articles 12.01, 12.04	Franchisor has the right to approve or disapprove all transfers.
m.	Conditions for Franchisor's approval of transfer	Articles 12.01, 12.02, 12.03, 12.04	You are current in all fees to us; You are not in material breach of the Agreement; You have paid all debts of your business; new Franchisee signs release of claims against Us for representations You made; You sign a mutual termination and release of the Agreement; We receive transfer fee 70% of the THEN current Initial Fee; new Franchisee signs the then-current form of Agreement, or 50% of buyer is existing WePlay franchisee; new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to your location lease, if applicable; and we receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$1,500.
n.	Franchisor's right of first refusal to acquire Your business	Article 12.02(k)	We may match any offer for your business.
o.	Franchisor's option to purchase Your business	Articles 17.05, 17.06	On termination, we may purchase any part of your business at the fair market value of the tangible personal property purchased.

	Provision	Section in Franchise Agreement	Summary
p.	Your death or disability	Article 13	Your heirs or personal representative must, within 6 months, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the WePlay Music to a third party, subject to Article 13 of the Agreement. The same applies if you become disabled as defined in Article 14 of the Agreement.
q.	Non-competition covenants during the term of the franchise	Article 16.01	No involvement in a “competing business” anywhere. (Any business that provides lessons, or classes, or theory instruction on music, musical instruments and/or voice, and/or providing similar exam and certification prep as with a WePlay Music, to children preschool through high school.)
r.	Non-competition covenants after the franchise is terminated or expires	Article 16.02	Subject to State laws, for 24 months, you must not compete with us within 20 miles of the boundaries of your Territory, solicit or divert any of our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or interfere with our relationship with any of our employees, or franchisees. Subject to State laws, for 24 months, you will not be employed by or in business with any person or entity that does any of those things.
s.	Modification of the agreement	Article 20.12	Only by written agreement; We may modify Operations Manual at any time.
t.	Integration/merger clause	Article 20.11	Only the terms of this Franchise Disclosure Document and the Franchise Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Article 18	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or Brand Marketing Fees or to enforce trademark or trade secret rights and covenants against competition, we and you will settle all disputes by mandatory binding Arbitration.
v.	Choice of forum	Articles 18.01, 18.03	Subject to applicable state law, Litigation or arbitration must be in the state of California.
w.	Choice of law	Article 20.09	Subject to applicable state law, the laws of the state of California apply except as related to post term non-competition clause, then the law of the state where Franchisee is located applies, and except for trademark infringement, which will be governed by Federal laws.

ITEM 18.
PUBLIC FIGURES

We do not currently use any public figure to promote the WePlay Music 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting **Desislava Grueva, 6452 Irvine Blvd, Irvine, CA 92620**, and the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System-wide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned (by affiliate)	2021	1	1	0
	2022	1	2	+1
	2023	2	2	0
Total Outlets*	2021	1	1	0
	2022	1	2	+1
	2023	2	2	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Franchises at Start of Year	Franchises Opened	Terminated	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Franchises at End of Year
TOTAL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	1	0	0	0	0	1
	2022	1	1	0	1	0	2
	2023	2	0	0	0	0	2
TOTAL	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2

Table 5
Projected Openings As of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year (2024)	Projected New Company-Owned Outlets In The Next Fiscal Year (2024)
California	0	0	1
TOTALS	0	0	1

Attachment C contains a list of contact information for current and former franchisees and any franchise who has not communicated with us within 10 weeks of the issuance date of this disclosure. If you buy this franchise your contact information may be disclosed to other buyers when you leave the franchise system.

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

We have no trademark specific franchisee organization associated with the franchise system being offered in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attachment A contains our Audited financial statements for the period ended 12-31-23. We have not been in business for 3 years and therefore we do not have 3 years audited financial statements.

Our fiscal year ends on December 31.

ITEM 22

CONTRACTS

The following are the contracts and agreements you may be asked to sign, that are included in this Franchise Disclosure Document:

FDD:

Franchise Agreement Attachment B
General Release-Attachment G

Franchiser Agreement:

Conditional Lease Assignment, Exhibit C
Assignment of Telephone numbers, Exhibit D
Personal Guarantee, Exhibit E
Electronic Funds Transfer Authorization, Exhibit F
SBA Addendum, Exhibit H

ITEM 23.

RECEIPT

There are two identical copies of the RECEIPT at the end of this Franchise Disclosure Document. Please remove one copy, sign and date it the day you received it, and return it to us, and keep the other copy for your records.

The remainder of this page intentionally left blank.



WePlay Music®

FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENTS

ATTACHMENT A	Financial Statements
ATTACHMENT B	Franchise Agreement with Exhibits and SBA Addendum
ATTACHMENT C	List of Current and Former Franchisees
ATTACHMENT D	Table of Contents for Manual
ATTACHMENT E	State Administrators and Agents for Service of Process
ATTACHMENT F	State Specific Addenda
ATTACHMENT G	General Release
ATTACHMENT H	Receipts

ATTACHMENT A

FINANCIAL STATEMENTS

WEPLAY MUSIC FRANCHISE, LLC

dba  **WePlay
MUSIC**

Independent Auditor's Report and
Financial Statements
December 31, 2023



WEPLAY MUSIC FRANCHISE, LLC

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023	
Balance Sheet	3
Statement of Income and Changes in Member's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	9



INDEPENDENT AUDITOR'S REPORT

To the Managing Members of
WePlay Music Franchise, LLC

Opinion

We have audited the accompanying financial statements of WePlay Music Franchise, LLC (a California Limited Liability Company) (the "Company"), which comprise the balance sheets as of December 31, 2023, and the related statements of income, changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of WePlay Music Franchise LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WePlay Music Franchise LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WePlay Music Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Page 1

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WePlay Music Franchise LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WePlay Music Franchise LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Fountain Valley, California
April 12, 2024

Page 2

WEPLAY MUSIC FRANCHISE, LLC

Balance Sheet
December 31, 2023

ASSETS

Current Assets

Cash	\$	55
Total Current Assets		<u>55</u>

TOTAL ASSETS	\$	<u>55</u>
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LIABILITIES AND MEMBER'S EQUITY

LIABILITIES

Current liabilities

Due from affiliate	\$	13,108
Total Current Liabilities		<u>13,108</u>

Total Liabilities		<u>13,108</u>
--------------------------	--	---------------

MEMBER'S EQUITY		<u>(13,053)</u>
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TOTAL LIABILITIES AND MEMBER'S EQUITY	\$	<u>55</u>
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See accompanying notes to financial statements.

Page 3

WEPLAY MUSIC FRANCHISE, LLC

Statement of Income

For the Year Ended December 31, 2023

REVENUES

Franchise fees and royalties	<u>\$ -</u>
------------------------------	-------------

Operating expenses:

Dues and subscriptions	5,867
------------------------	-------

Travel expenses	2,634
-----------------	-------

Bank service charges	<u>190</u>
----------------------	------------

Total operating expenses	<u>8,691</u>
--------------------------	--------------

Loss from operations	<u>(8,691)</u>
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Total loss before income taxes	<u>(8,691)</u>
--------------------------------	----------------

Provision for Income taxes	<u>-</u>
----------------------------	----------

NET LOSS	<u>(8,691)</u>
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Member's equity (deficit), beginning of year	<u>(4,362)</u>
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Member's equity (deficit), end of year	<u>\$ (13,053)</u>
---	---------------------------

See accompanying notes to financial statements.

Page 4

WEPLAY MUSIC FRANCHISE, LLC

Statement of Cash Flows

For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$	(8,691)
Adjustments to reconcile net loss to net cash provided by (used for) operations:		-
Net cash provided (used) by operating activities		<u>(8,691)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Due from affiliates		<u>13,108</u>
Net cash provided by financing activities		<u>13,108</u>

NET INCREASE IN CASH **4,417**

CASH - beginning **(4,362)**

CASH - ending **\$ 55**

See accompanying notes to financial statements

Page 5

WEPLAY MUSIC FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of WePlay Music Franchise, LLC (the Company) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

History and organization – WePlay Music Franchise, LLC (WMF) was organized in California on July 27, 2022. The Company was organized for the purpose of franchising a Music School providing professionally taught musical instrument and voice lessons, classes, choir and music theory to children ages pre-school through high school, including selling related products and offering professional certifications, under the name "WePlay Music". The Company is affiliated to WePlay Music, LLC, formed on January 2017, which owns and operates WePlay Music located at 6452 Irvine Blvd, Irvine, California and WePlay Music-Parview LLC, formed on June 2022, which owns and operates WePlay Music located at 5321 University Drive, Irvine, California

WePlay Music Franchise, LLC is a business whose planned principal operations is to operate and sell franchises. The Company is currently developing marketing strategies to sell franchises and penetrate U.S. market with its unique operational techniques, service concepts, and proprietary information.

The Company's activities are subject to significant risks and uncertainties, including: (1) the inability to achieve the Company's planned objective and fail in opening and maintaining new franchises and (2) failing to secure additional funding to operationalize the Company's franchise concept.

Franchise operations are regulated by the Federal Trade Commission (FTC). The Company must also complete franchise registration, pursuant to state law, in those states where franchises are planned to be sold. Once registered, the Company will provide franchises with uniform standards and procedures efficient business operations, territorial rights, management training, and a license to use specified names and trademarks. The Company is currently going through the registration process.

Basis of accounting – The accompanying financial statements have been prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and cash equivalents – For purposes of reporting cash flows, cash includes amounts on hand and amounts on deposit at financial institutions. The Company defines cash equivalents as short-term, liquid investments with initial maturity of three months or less. Renewals are generally renewed at the same term. The Company had no cash equivalents as of December 31, 2023.

Page 6

WEPLAY MUSIC FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Income taxes – The Company is a wholly owned single member limited liability company, which is a disregarded entity for U.S. federal income tax purposes, and all of its income and expenses are reported on the single member's individual tax return. Accordingly, no provision for income taxes is made in the financial statements.

The Company's income tax filings are subject to examination by the appropriate tax jurisdictions. As of December 31, 2023, the Company's federal and state tax returns generally remain open for the last three years.

In accordance with generally accepted accounting principles, the Company accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of December 31, 2023, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

California Limited Liabilities Companies (LLC's) that are classified as single member LLC are subject to an \$800 tax for the privilege of doing business in the State. In addition to the minimum tax, California imposes an annual fee based on total income from all sources that is reportable to the State.

Revenue recognition – The Company will adopt Topic 606 "Revenue from Contracts with Customers" for revenue recognition related to contracts with customers when the Company generates revenue.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying value that approximate fair value because of the short-term nature of the instrument. The recorded value of these financial instruments approximated fair value at December 31, 2023.

NOTE 3 - DUE TO AFFILIATE

From time to time and in the normal course of business, a related party advanced funds to the company for additional working capital. These advances are non-interest bearing and are due on demand. At December 31, 2023, due to affiliate totaled \$13,108.

WEPLAY MUSIC FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 – SUBSEQUENT EVENTS

Date of management review – Management has evaluated subsequent events through April 12, 2024, the date of which the financial statements were available to be issued.

As of April 13, 2024, the Company's bank balance was \$50,698.

ATTACHMENT B

FRANCHISE AGREEMENT



WePlay Music®

Franchise Agreement

WEPLAY MUSIC FRANCHISE

Article 1 – License, Term, Territory	
1.01 Term	
1.02 Territory.	
1.03 WePlay Music	
1.04 System And Marks.	
1.05 Operations Manual and Confidential Information.	
Article 2 - Franchise Fees And Advertising	
2.01 Initial Fee.	
2.02 Royalties.	
2.03 Brand Marketing Fund.	
2.04 Technology Fee	
2.05 Management Assistance.....	
2.06 Gross Revenues.....	
2.07 Local and Cooperative Marketing.	
2.08 Grand Opening.	
2.09 Rebates, Discounts and Allowances.....	
2.10 Promotions.....	
2.10 Violation Fee.....	
Article 3 - Reports And Audits	
3.01 Records And Reports.....	
3.02 Failure to Report.....	
3.03 Audits And Inspections.....	
3.04 Contact With Others.	
Article 4 – Training/Convention/Regional Meetings	
4.01 Initial Training.	
4.02 Employee Training.	
4.03 Conventions/Regional Meetings	
4.04 Subsequent Training.	
4.05 Training Materials.....	
4.6 No Warranty of Success.....	
Article 5 - Proprietary Information-Confidentiality	
Article 6 - Pre-Opening Obligations.....	
6.01 Location And Lease.....	
6.02 Specifications.	
6.03 Appearance Of WePlay Music	
6.04 Required Musical Instruments, Accessories and Music Books.....	
Article 7 - Operation Of WePlay Music	
7.01 Independent Contractor.	
7.02 Personal Participation.	
7.03 Retail Prices.	
7.04 Compliance With Laws.....	
7.05 Franchisee Business Operation.	
7.06 Restrictions On Sources Of Products And Services.....	
7.07 Minimum Hours.	
7.08 Signs.....	
7.09 Computer System.....	
7.10 Instrument Maintenance.....	
7.11 Marketing.	
7.12 New Developments.	
7.13 Staffing and Music Instructor Qualifications.....	

Article 8 - Indemnity And Insurance	
8.01 Indemnity.	
8.02 Insurance.	
Article 9 - Renewal.....	
9.01 Renewal Term.....	
9.02 Conditions Of Renewal.....	
Article 10 - Continuation	
Article 11 - Entity Franchisee.....	
11.01 Entity Definition.....	
11.02 Founding Document Restriction.....	
11.03 Liability Of Owner(s).....	
11.04 Restriction On Certificates Of Ownership.	
11.05 Additional Requirements Of Entity Franchisee.....	
Article 12 - Transfer	
12.01 Prior Consent.....	
12.02 Conditions Of Transfer.	
12.03 Transfer To An Entity.	
12.04 Approval Process.	
12.05 Transfer By Franchisor.....	
12.06 No Sublicensing.	
Article 13 - Death Or Incapacity.....	
13.01 Alternatives Upon Death Or Incapacity.....	
13.02 Effect Of Failure To Comply.....	
13.03 Incapacity Defined.....	
Article 14 - Assumption of Management	
Article 15 - Termination.....	
Article 16 - Competition With Franchisor.....	
16.01 Competing Business Activities During Term.	
16.02 Competing Business Activities After Term.....	
Article 17 - Effect Of Termination	
17.01 Loss Of Rights.	
17.02 Change Of Identity.	
17.03 Changeover Procedure.	
17.04 Continuing Royalties.	
17.05 Option To Purchase Certain Assets.....	
17.06 Payment And Terms.....	
17.07 Survival Of Terms.....	
Article 18 - Arbitration of Disputes.....	
18.01 Agreement to Arbitrate.	
18.02 Conduct of Arbitration.....	
18.03 Limited Exceptions to Arbitration.	
Article 19 - Representations Of Franchisee	
19.01 Representations	
Article 20 - Miscellaneous Provisions.....	
20.01 Non-waiver.	
20.02 Attorneys Fees.	
20.03 Severability.	
20.04 Warranty Of Authority.....	
20.05 Estoppel Certificate	
20.06 Paragraph Headings.	
20.07 Recitals.	

20.08	No Third Party Beneficiary.
20.09	Choice Of Law.....
20.10	Notices.....
20.11	Entire Agreement.
20.12	Modification.
20.13	Effective Date.
20.14	Time Of Essence.....
20.15	Assignment.....

EXHIBITS

- A. Location of WePlay Music
- B. Territory
- C. Conditional Lease Assignment
- D. Assignment of Telephone Numbers
- E. Guarantee
- F. Bank Authorization
- G. Confidentiality Agreement (for Franchisee's employees)
- H. SBA Addendum

WEPLAY MUSIC®
Franchise Agreement

Franchise Agreement No.: _____

DATED: _____ (“Effective Date”)

BETWEEN: **WEPLAY MUSIC FRANCHISE, LLC** (“Franchisor”)

AND:

_____ (“Franchisee”)

TERRITORY: SEE EXHIBIT B

RECITALS

WHEREAS Franchisor has developed a unique system for offering professionally taught musical instrument and voice lessons, classes, choir and music theory to children ages pre-school through high school, including selling related products and offering professional certification programs under the name "WePlay Music" in a school setting, using the trademarks, logos, school layout and décor, and our proprietary operating methods, including certain required musical instruments, class offerings curriculum, instruction materials, scheduling software, products offerings, inventory, supplies, and branded items, (hereinafter the "System");

WHEREAS, Franchisor licenses to you the trademark and trade name "**WePlay Music**" and related logos and marks and trade dress (hereinafter the "Marks"), as more fully described in this Agreement;

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges;

WHEREAS Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license for a "**WePlay Music**" business (hereinafter sometimes referred to as "**WePlay Music**");

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

WHEREAS Franchisee is aware of the risks, business and otherwise, associated with owning an **WePlay Music** and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document—revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions; and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material.

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

Article 1 – License, Term, Territory

1.01 Term

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license to one and operate one (1) **WePlay Music** using the System and Marks for a period

of ten (10) years from and after the Effective Date of this Agreement. Franchisee shall be entitled to renew the term in accordance with Article 9.

1.02. Territory

a. Territory. Except as specifically permitted by this Agreement, Franchisee's **WePlay Music** shall be the only **WePlay Music** to operate within the geographical territory described in Exhibit B hereto (the "Territory"). Franchisor will not locate or open another **WePlay Music** in the Territory, either company-owned or franchised, during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. However, there shall be no geographic restrictions upon where customers may come from for any **WePlay Music**, company-owned or franchised. Franchisee shall not distribute or publish advertising or otherwise market outside Franchisee's territory except in compliance with this Agreement and the Manual, or otherwise with Franchisor's consent.

b. Exclusions from Territory. The following, and any substantially similar locations, shall be excluded from Franchisee's Territory: Home shows, trade fairs, exhibitions and online product sales of related industry products or equipment. As to such excluded locations, Franchisor shall have the right, directly or indirectly, to sell and distribute goods and services, including those normally offered by Franchisee and using the Marks, without compensation to Franchisee or any other franchisee(s). Franchisor may, directly, indirectly, or through a franchisee or licensee offer products and services under the same or a different trade name or trademark, including within Franchisee's Territory through alternative distribution methods, including through online offerings, website offerings, social media offerings, catalogs, mail order, , and through electronic media, including television, radio, and through other new or emerging commercial technological media. Franchisor shall have no obligation to share any revenues from alternative distribution activities with Franchisee. Franchisee shall not, without Franchisor's prior written approval, which approval may be withheld for any reason, use the Marks or any part of the Marks or anything similar to the Marks as part of a domain name or in any other manner in connection with any commerce on the Internet or similar media. Franchisee shall not use the Marks in or market through alternative distribution methods without Franchisor's prior written approval, which approval may be withheld for any reason.

c. Modifications of Territory. If the territory is based on radius of miles from Franchisee's **WePlay Music**, or on City name, or zip codes, Franchisor may not modify the Territory without Franchisee's consent, if Franchisee is not in default of this Agreement, unless the city or zip code boundaries become changed in the future. If the territory is based on population, the parties agree that the estimated population (if any identified for the Territory) or other identification of boundaries contained in Exhibit B is a reasonable estimate of the population of the Territory based upon available governmental data. In the event the population of the Territory increases by fifty percent (50%) or more from the estimated population contained in Exhibit B, based upon reliable governmental data (United States Bureau of the Census or successor if in the United States), Franchisor shall have the option of dividing Franchisee's Territory and creating a new Territory. If, at the time Franchisor exercises the option to modify Franchisee's Territory, Franchisee is in full compliance with all of the terms of this Agreement and has had no notices of default within the prior twelve calendar months, then Franchisee shall have a sixty (60) day first right of refusal to license and operate another **WePlay Music** in the newly created territory.

1.03 WePlay Music.

The term "**WePlay Music**" means a business in which the Franchisee engages in the business of operating a **WePlay Music** operating under the using the System. Franchisor shall have the right to add or delete or change product offerings to the System at any time and Franchisee agrees to comply with such changes.

1.04 System And Marks.

- a. Franchisee agrees to operate the **WePlay Music** only according to the System and only under the Marks and pursuant to the Manual. Franchisor will provide lists of current and new approved vendors, products, and suggested pricing guidelines as part of the System. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Operating Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the **WePlay Music**. Franchisor's unique trade dress is part of the Marks.
- b. Unless otherwise first approved by Franchisor in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "**WePlay Music**". Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use. Franchisor shall provide store location information on Franchisor's main website to Franchisee's location. Franchisee may not create a separate webpage without Franchisor's express consent.
- c. Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever. Franchisee agrees to fully cooperate with Franchisor in any action anticipated by or taken by or on behalf of Franchisor. Franchisee understands that it may become necessary, in Franchisor's sole discretion, to change, totally or in part, the Marks, as a result of litigation or otherwise. In that event, Franchisee agrees to immediately adopt the new or revised Marks, and Franchisor's maximum liability, including for any purported goodwill, shall be to reimburse Franchisee the actual out-of-pocket costs of changing the principal signs identifying the Premises.
- d. Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation to Franchisee or other franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement. Franchisor will provide periodic consultation and advice concerning the operation of the **WePlay Music** and to generally be of assistance.
- e. Franchisee agrees to operate no other business whatsoever, including coin-operated devices, in or about the **WePlay Music** or otherwise in connection with the System or Marks without first obtaining Franchisor's written approval; provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual. Franchisee acknowledges that Franchisor owns, in connection with the Marks, all goodwill associated with or to become associated with the telephone numbers and telephone listings and agrees to execute an Assignment of Telephone Numbers in the form of Exhibit F, attached.

1.05 Operations Manual and Confidential Information

Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals whether in hard copy or electronic format, and which may include all training materials at any time, including webinars, podcasts, videos, online methods (hereafter referred to collectively as the "Manual"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee. Franchisor may make any changes or modifications in the Manual as in Franchisor's sole judgment are desirable. Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Franchisor's offices, the terms of the master copy shall prevail. Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so. The Manual is and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or nonrenewal of this Agreement for any reason. Franchisee agrees not to make it available to or permit another to make any copies of the Manual or any portion thereof without Franchisor's prior written consent, and that such employees needing to see the manual must sign a confidentiality agreement as indicated in Exhibit G. Franchisee agrees the Manual and all related updates and materials are confidential and constitute Franchisor's trade Secrets and proprietary information and may not be disclosed to any unauthorized third parties. Such actions constitute a material default.

1.06 Customer Lists, Memberships and Customer information.

Franchisee agrees that all customer lists, memberships and mailing lists for potential customers, and all customer information of Franchisee's **WePlay Music**, are procured under the Marks, the System, and constitutes, Franchisor's trade secrets, proprietary information and confidential information of Franchisor, and may not be disclosed to any unauthorized third parties, or used by Franchisee (or any entity or third parties on behalf of franchisee) for any other business or for any other reason except in connection with Franchisee's **WePlay Music** during the term of this Agreement and any renewal term. Franchisee further agrees that it must return such information to Franchisor after the term, and may not retain such information, nor any copies, nor use, sell or otherwise convey such information, except as part of a transfer of the **WePlay Music** in accordance with the transfer provisions in this Agreement. Franchisee may not solicit the WePlay Music customers for any reason during or after the term of the Franchise Agreement, in accordance with section 16.

Article 2 - Franchise Fees And Advertising

2.01 Initial Fee.

The Initial Fee for the **WePlay Music** Franchise is **Forty Five Thousand Dollars (\$45,000.00)**. The Initial Fee shall be paid upon signing of Franchise Agreement. The Initial Fee is not refundable for any reason. If Franchisee qualifies for a 2nd or more **WePlay Music** franchise(s), the Initial Fee will be 75% of the then current Initial Fee.

2.02 Royalties.

Franchisee shall pay to Franchisor a weekly royalty of 8% of Gross Revenues.

The royalties are payable weekly by Electronic Funds Transfer without setoff. Funds must be in Franchisee's designated bank account in time so that Franchisor can obtain them on or before close of business on the Wednesday of the week following the week on which the Royalties are based. Franchisor may, upon thirty (30) days prior written notice require Franchisee to pay Royalties by check, pre-authorized check, electronic funds transfer or other mechanism or to pay on a different periodic basis. If Franchisee owns more than one **WePlay Music** franchise, Franchisee shall report and pay royalties for each franchise independently, unless otherwise directed by Franchisor.

2.03 Brand Marketing Fund

- a. Franchisee shall pay to Franchisor a weekly Brand Marketing Fee, of \$70.

Franchisee shall pay the Brand Marketing Fee at the same time and in the same manner as Royalties, without setoff.

- b. Franchisor may, in Franchisor's sole discretion, upon at least sixty days prior written notice, increase the Brand Marketing Fund to no more than \$120 per week.

c. Franchisor shall maintain all Brand Marketing Fees collected, net of any taxes Franchisor is required to pay on account of having collected the Brand Marketing Fund, in one or more bank accounts separate from Franchisor's regular account(s). Franchisee authorizes Franchisor to commingle Franchisee's Brand Marketing Fees with those paid by other Franchisees. Franchisor will provide, upon request, an unaudited annual accounting to all Franchisees as to the aggregate amount of Brand Marketing Fees collected and their use and application by general category, which accounting will generally be prepared within 120 days following the end of Franchisor's fiscal year. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement.

d. Franchisor shall use Brand Marketing Fund collected, net of taxes and governmental fees, for advertising, marketing and promotion for the benefit of Franchisor's System as a whole. Selection of marketing, advertising and promotion location, scope, content, copy, timing and approach shall be by Franchisor and in Franchisor's sole discretion. Franchisor may use some of the funds, in its discretion, for market research, promotions, production, administration of the advertising program, website administration and social media advertising and costs. Franchisee acknowledges that, not every element of the marketing and promotion program will necessarily directly benefit any specific franchisee, nor in proportion to their contribution. In making its marketing decisions, Franchisor will consider but not be bound by advice from any advisory committee(s) of franchisees recognized by Franchisor.

e. Franchisor shall have no duty to conduct any particular marketing program and if Franchisor does conduct a program, Franchisor makes no representations or warranties regarding the nature of the marketing to be conducted or about how it will affect Franchisee's revenue.

2.04 Technology Fee

Franchisee shall pay to Franchisor a weekly Technology Fee of \$25, payable the same time as the Royalties and Brand Marketing Fund for use of and Franchisor's maintenance of Franchisor's online presence, and associated brand emails, etc.

Franchisor reserves the right to increase the Technology fee to up to \$100 per week.

2.05 Management Assistance.

In the event Franchisee requests Franchisor to provide extraordinary management or support services at Franchisee's location or in Franchisee's Territory Franchisee shall pay Franchisor's usual fee for such extraordinary services, which shall be due and payable no later than the second date for payment of royalties following the date of the services. All such extraordinary services shall be arranged as provided in the Manual.

2.06 Gross Revenues.

The term "Gross Revenues" shall mean the full the price of all goods and services sold by Franchisee

from or relating to the **WePlay Music**, whether or not Franchisee has received cash or other consideration. The only items not included in Gross Revenues is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefor.

2.07 Local and Cooperative Marketing.

a. Local Marketing. Franchisee shall spend, not less than \$1,000 per month on local marketing until the business reaches and sustains a minimum of 200 students. At 200 or more students, the minimum drops to \$450 per month. However, if the number of students falls below 200 students, the minimum spend reverts to \$1,000. Franchisor reserves the right to increase the minimum local advertising requirement by up to 10% each year. Local marketing expenditures shall be in addition to the National Marketing Fees paid pursuant to paragraph 2.03. In addition to complying with any specific marketing requirements of Franchisor, Franchisee shall place and pay for such other marketing as Franchisee deems necessary and appropriate. Franchisee shall be responsible to assure that all marketing so placed complies with the Manual and serves to enhance and not detract from or harm the Marks and the goodwill attached and to become attached thereto. Franchisee shall promptly send to Franchisor copies of all marketing copy and media used. In the event Franchisor deems any advertisement or marketing technique to be not in compliance with this paragraph, Franchisee shall, immediately upon receipt of a written notice from Franchisor, cease using the subject advertisement or marketing technique and shall thereafter fully comply with this paragraph. If Franchisee violates this paragraph more than two times in any twelve-month period, Franchisor may, in addition to all other remedies available pursuant to this Agreement, require Franchisee to obtain prior written approval of copy and marketing technique for all or certain categories of marketing.

b. Regional Marketing Cooperative. If there are two or more **WePlay Music** franchisees in a marketing area, as determined by Franchisor, Franchisor may in its sole discretion form a Regional Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative. No Regional Marketing Cooperative shall make assessments, of more than 5% of Gross Revenues (Funds contributed to any local marketing cooperative shall be in addition to the Brand Marketing Fund fees paid pursuant to paragraph 2.03). Each Regional Marketing Cooperative shall be organized and operate as specified in the Manual. Franchisor may, at Franchisor's sole discretion, allow Franchisee to use some or all of its required Local Marketing expenditures to satisfy the contributions to a Local Marketing Cooperative, if one has been created.

2.08 Grand Opening.

Franchisee shall, conduct a grand opening promotional campaign, on timing as directed by Franchisor, and consistent with Franchisor's guidelines. The grand opening elements will take into account Franchisee's territory, location, community, competitive environment and similar factors, and will generally cost between \$7,500 and \$12,000.

2.09 Rebates, Discounts and Allowances.

Franchisee authorizes Franchisor to collect all available rebates, discounts and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Franchisor's reasonable business judgment, it is appropriate to collect them. Franchisor shall apply all such funds for purposes of subsidizing Franchisor's cost of franchisee conventions, meetings and incentive programs. Franchisee authorizes Franchisor to commingle Franchisee's RDA funds with those received on account of business conducted by other franchisees.

2.10 Promotions

Franchisee is required to participate in all company-wide promotions, and discount programs including Groupon, or similar coupons. You are required to participate in any gift card program we institute.

2.10 Insufficient Funds Fee

Should any payment by Franchisee be returned due to insufficient funds, a fee of \$250 will be assessed.

Article 3 - Reports And Audits

3.01 Records And Reports.

Franchisor will designate an outsourced accounting firm that all new franchisees must use for minimum of 12 months from the date their studio opens. Franchisees will be responsible for the cost of outsourced accounting services.

Should Franchisee wish to use another accounting firm after the one-year period, Franchisee may do so provided Franchisee utilizes the Franchisor's approved chart of accounts, income and balance sheet format. Franchisees must also use the accounting software designated by the Franchisor. Franchisee must generate monthly or accounting statements and must make their accounting statements available to the Franchisor or a third-party vendor via direct access to their accounting software. If Franchisee fails to comply with Franchisor's accounting standards, Franchisor may require Franchisee to once again use the services of a designated outsourced accounting firm.

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, reports of Gross Revenues, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within ninety (90) days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the prior year. At the time they are filed, Franchisee shall also provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any internal purposes in Franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law

3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and Brand Marketing Fees for each relevant month and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average monthly Royalties and Brand Marketing Fees over the prior

twelve months or (b) the average monthly Royalties and Brand Marketing Fees of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this subparagraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

3.03 Audits And Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by two (2%) percent or more for any month, then Franchisee shall also pay, immediately, the cost of the audit or inspection.

3.04 Contact With Others.

Franchisor shall have the right, in Franchisor's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

Article 4 - Training

4.01 Initial Training.

As a condition subsequent to this Agreement, Franchisee and Franchisee's designated manager, if applicable, shall successfully complete Franchisor's initial training program. The initial training program will be approximately 30 hours in length and shall be conducted at such location(s) as Franchisor specifies. The initial training may be conducted, in whole or in part, in an existing **WePlay Music** owned by Franchisor, an affiliate of Franchisor or another franchisee. Franchisee's manager, and other employees, if applicable, will be required to execute a Confidentiality Agreement in the form of Exhibit G. In addition, Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated manager, if applicable, do not satisfactorily complete the initial training program, Franchisor may require retraining, or if retraining is still unsuccessful, terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement with no refunds. At all times, Franchisee or Franchisee's manager in charge of managing the **WePlay Music** shall be an individual who has successfully completed Franchisor's manager training program and who otherwise meets Franchisor's manager criteria. Any new manager shall successfully complete Franchisor's manager training program within 60 days after assuming the role of manager for a cost of \$300/per day. Franchisee is responsible for any salaries, compensation, benefits and living and travel expenses of trainees.

4.02 Employee Training. Franchisee shall be solely responsible for properly training all Music Instructors and other employees on the **WePlay Music** school standards and policies. In addition, if working with children, employees should be screen with criminal background checks.

4.03 Conventions/Regional Meetings

Franchisee may from time to time, put on a Convention for all franchisees, or Regional Training Meetings for franchisees in a particular region, as determined by Franchisor. When Franchisor puts on these training events and venues Franchisee and/or its general manager, or other employees, as the case may be, must attend such events and training venues, at Franchisee's cost. The fee to attend these meetings will be between \$0 and \$1000 depending on the number of days. Franchisee will be responsible for all travel and lodging costs of the attendees.

4.04 Subsequent Training

Franchisor may require Franchisee and Franchisee's manager and employees to complete additional training at a location determined in Franchisor's sole discretion. Franchisee shall pay Franchisor's current fee for such mandatory training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. If Franchisee requests specific additional training on site, Franchisee will pay the current daily rate of \$400, plus franchisor's travel and lodging expenses.

4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials for providing training for Franchisee's manager(s) and employees. Franchisor may charge a reasonable fee for such materials. Franchisee agrees that all such materials are Confidential and Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

4.6 No Warranty of Success.

Franchisor's determination that Franchisee or Franchisee's employee(s) have successfully completed any training shall not be a warranty or representation that the person can or will successfully operate the **WePlay Music** or any aspect thereof.

Article 5 - Proprietary Information-Confidentiality

Franchisee will have access during the course of this Agreement to proprietary information that is the property of Franchisor that is Confidential ("Confidential Information"). Confidential Information includes, but is not limited to, the System, the Manual, **WePlay Music** layout, design, décor Music Books and curriculum, customers, and customer information, pricing guidelines, the Training, and other programs, techniques and policies as they may be developed by Franchisor from time to time, which constitute our Trade Secrets. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Confidential Information or any information regarding any Confidential Information or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Confidential Information whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Confidential Information only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this article. Franchisee shall cause every manager and every employee who has access to Confidential Information to sign a Confidentiality Agreement in the form prescribed by Franchisor, the current form of which is Exhibit G hereto.

Article 6 - Pre-Opening Obligations

6.01 Location And Lease.

Franchisee shall be solely responsible for selecting the location for the **WePlay Music** that complies with the Manual (hereinafter "the Premises"). Franchisee, within 180 days after signing this Agreement, shall select a location, subject to Franchisor's approval. Franchisor will attempt to provide to Franchisee guidelines for selecting a location, and regarding the proposed location. Such information is provided by Franchisor without warranty as to its accuracy or completeness or otherwise. Franchisor has no special expertise in such matters. Franchisee shall not sign a lease, sub-lease or other obligation until after Franchisee has received Franchisor's approval of the location and lease or sub-lease in writing. Approval of the location or the lease or sub-lease by Franchisor does not constitute a representation or warranty by Franchisor that the location will be successful and does not constitute a legal or other opinion as to any term of the lease or sub-lease. Franchisor may require execution of the Conditional Lease Assignment by Franchisee and Franchisee's landlord in the form of Exhibit C, attached, or similar language. If Franchisee fails to select an approved location within 180 days, Franchisor shall have the option of terminating this Agreement. Franchisee acknowledges and agrees that failure to select an approved location within 180 days is cause for Termination of this Agreement with no refund of fees paid. Franchisor will reasonably extend the selection period if Franchisee has made best efforts to select a location and for valid reasons has been unsuccessful.

6.02 Specifications.

Franchisee must use only a designer or architect that is designated or approved by Franchisor. Franchisor will provide Franchisee specifications on the design and operations, layout, tenant improvement guidelines and décor specifications. Franchisee's **WePlay Music** shall operate only from approved location. Franchisee understands and agrees that, although all **WePlay Music** locations will follow a consistent theme, the details of their design may differ slightly from location to location, based upon location requirements, landlord requests, and unique features of the community. Franchisee shall be obligated to update the design of Franchisee's **WePlay Music** at Franchisee's expense upon renewal or relocation.

6.03 Appearance Of WePlay Music

Franchisee acknowledges that not every **WePlay Music** will have identical decor, color schemes and layout. Franchisee agrees to accept Franchisor's subjective evaluation as to what would keep the location and **WePlay Music** in compliance with Franchisor's standards. Franchisee agrees, at Franchisee's sole cost and expense, to maintain and update the **WePlay Music**, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance Franchisor's standards upon transfer, relocation or renewal of the term of this Agreement.

6.04 Required Musical Instruments, Accessories and Music Books

Franchisee shall acquire, install and use, at Franchisee's sole expense the Required Musical Instruments, Accessories and Music Books. The minimum requirements will be in the Operations Manual and Franchisor determine the necessary amount of items depending on the size of Franchisee's location. Franchisee understands that the specific list of these items may be somewhat different for Franchisee's **WePlay Music** than for other franchisees or company-owned **WePlay Music** on account of differences in the locations, lease terms, demographics or otherwise and that Franchisor shall have the right to modify the list of these items in the Manual or otherwise in writing. Franchisee shall purchase the Required Musical Instruments, Accessories and Music Books from Franchisor, or possibly Franchisor's affiliate, which are the only approved vendors for these items. All ongoing purchases of these items shall be made through Franchisor or its affiliate. Franchisor may, in the future designate alternative approved suppliers for ongoing purchases.

Article 7 - Operation of WePlay Music

7.01 Independent Contractor.

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint venturers, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the **WePlay Music** is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the **WePlay Music** is independently owned and operated in such form as Franchisor may specify.

7.02 Personal Participation.

Throughout the term of this Agreement, Franchisee shall either devote Franchisee's full time and effort to actively managing the **WePlay Music** or delegate its management to a responsible person. Notwithstanding any delegation of authority hereunder, Franchisee shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the **WePlay Music**. If Franchisee employs a manager to run the day to day operations, the manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at Franchisee's sole cost and expense (except for Franchisee's first manager whom Franchisor will train at no additional charge to Franchisee for the training—but Franchisee shall be solely responsible for all travel and living costs of trainees). Franchisee shall devote such time and effort to the **WePlay Music** as Franchisee determines, but shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the **WePlay Music**.

7.03 Retail Prices.

Franchisor may recommend pricing guidelines and pricing strategies for products and services. Franchisee shall set its own prices, but must participate in limited time promotional or discounts as designated by Franchisor. Some products will have a minimum advertised price requirement.

7.04 Compliance With Laws.

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the **WePlay Music**. Franchisee is solely responsible for strictly complying with all laws, ordinances and regulation applicable to the **WePlay Music**, including, but not limited to, licensing, child, safety requirements, environmental, consumer and labor regulations.

7.05 Franchisee Business Operation.

a. The System. Franchisee understands and acknowledges that every detail of the System and of the operation of the **WePlay Music** is important to both Franchisee, Franchisor as well as other **WePlay Music** franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for the services provided by all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

b. Compliance with Manual. Franchisee shall operate the **WePlay Music** in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manual or otherwise, to ensure that the highest degree of quality and service is uniformly maintained. Franchisee

shall acquire and maintain, at all times, all equipment, inventory, supplies and branded items as required by Franchisor for operation of the **WePlay Music**. Franchisee shall offer all of the items designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason. Franchisee shall assure that all telephone calls are answered live in compliance with the Manual.

c. Image. Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the **WePlay Music** whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

d. Business Dealings. Franchisee shall not, at any time, engage in any business dealings in relation with the **WePlay Music** or the Franchise which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

e. Maintenance. Franchisee shall, at Franchisee's sole cost and expense, maintain the location, inside and out, in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including without limitation, such periodic cleaning, repainting, repairs to instruments and replacement of obsolete signs and instruments as Franchisor may reasonably direct. Franchisee shall maintain all landscaping and other outside areas of the premises in an attractive and clean condition.

f. Refurbishing. Upon Franchisor's notice, or upon relocation or renewal of the term of this Agreement, Franchisee shall update the **WePlay Music** at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image, including, without limitation, inside and out, to include such modifications and upgrades to equipment as may be necessary to bring Franchisee's location into upgraded condition.

7.06 Restrictions On Sources Of Products And Services.

a. Specifications. As to all required Musical Instruments, Accessories, and Music Books necessary to operate the **WePlay Music**, Franchisee must purchase such items from Franchisor, Franchisor's affiliate, or such other approved vendor. Franchisor or its affiliate may derive revenue and profits from Franchisee's purchases of any required Items. Franchisor reserves the right to change the list of Items that Franchisee must purchase in accordance with specifications. Franchisor reserves the right to require Franchisee to purchase only from suppliers that Franchisor has approved.

b. Other Suppliers. Franchisor will approve other suppliers of non-proprietary items if Franchisee or the supplier request the approval in writing and if the supplier demonstrates to the satisfaction of Franchisor that it is financially capable and can provide Item(s) or service(s) that meet Franchisor's standards and that it is willing and able to protect Franchisor's proprietary information. Franchisor may charge a reasonable fee to cover its costs in evaluating a proposed supplier. Franchisor will normally make its decision within thirty days after it receives all of the requested information and any requested samples. Franchisor reserves the right to withdraw approval of any supplier whose performance falls below Franchisor's standards.

c. Proprietary Software. We do not have any proprietary software at this time but reserve the right to create, and implement such software into the system and if we do you must purchase and implement it. We cannot predict the costs of any such proprietary software but do not anticipate it would be more than \$450 initially. We may in the future require you to purchase and install and use any upgraded POS system or computer hardware and software. If we do require any upgraded

systems we do not anticipate it to cost more than \$2500 initially but we cannot predict the future needs of the business.

7.07 Minimum Hours/Days.

Franchisee shall keep the **WePlay Music** open to the public for the days and hours as listed in the Operations Manual, unless otherwise specified by Franchisor or agreed in writing by Franchisor or unless required by law or by a lease approved pursuant to this Agreement. The normal hours of operation shall be approximately Monday through Friday 2pm to 8pm and Saturday 9am to 3pm, with optional Sunday hours, or such other hours as is allowable according to the location restrictions however you must be open 5 days a week and generally 6 hours a day, depending on the lease restrictions and, subject to seasonal adjustments; however, Franchisor, in its sole discretion may, from time to time specify different hours of operation. Franchisee may request different hours for good cause. The dates and hours of operation may not be the same for all **WePlay Music** franchisees, even in the same general area, because of local conditions.

7.08 Signs.

Franchisee must use the sign vendor that has been designated or approved by Franchisor. Franchisee agrees to obtain, install and maintain on the **WePlay Music** premises in the **WePlay Music**, appropriate signs bearing the Marks as specified by Franchisor. Any deviation from the required signage shall be subject to Franchisor's prior written approval.

7.09 Computer System.

Franchisee shall purchase any specified computer hardware and software ("Computer System") for use in operation of the **WePlay Music** as required by Franchisor. In addition, Franchisee may be required, from time to time, to purchase replacement hardware or software or software upgrades, all of which Franchisee shall install and use as required by Franchisor, including, without limitation, point of sale and communications software and hardware. Franchisee may obtain a Computer System and related components and services from any source as long as the equipment, software and service meets or exceeds Franchisor's specifications. Franchisee shall be solely responsible for maintenance, repair and replacement of the Computer System. Without limiting the applicability of this paragraph, Franchisee shall, at all times, use and maintain the software as required by Franchisor. Franchisee shall not block or attempt to block or limit Franchisor's access, including electronically, to any data or programs contained on Franchisee's Computer System and Franchisee shall maintain information relating to the **WePlay Music** only on the Computer System(s) to which Franchisor has access.

7.10 Musical Instrument Maintenance.

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all musical instruments required or recommended.

7.11 Marketing.

Franchisee shall, at all times, comply with the Manual in all advertising. Franchisee shall not use television, radio or Internet advertising unless in full compliance with the Manual.

7.12 New Developments.

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the **WePlay Music**. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

7.13 Staffing and Music Instructor Qualifications.

Franchisee shall, at all times, have trained and qualified staffing. Franchisee's Music Instructors must possess at least a Bachelor's Degree, or higher, in the instrument they will be teaching. Qualifications for instructors will be outlined in the Operations Manual, and may change from time to time. Franchisee shall properly train all Music Instructors and other employees on the **WePlay Music** school standards and policies. In addition, if working with children employees should be screened with criminal background checks through our designated or approved vendor. Franchisee is responsible for all hiring, firing and disciplining decisions. Franchisor will have no authority over Franchisee's employees nor will advise Franchisee on hiring and other employee decisions, or employee administration whatsoever.

Article 8 - Indemnity And Insurance

8.01 Indemnity.

Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, shareholders, agents, employees, landlords and related companies from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees or agents in connection with the performance or breach of any obligation under this Agreement.

8.02 Insurance.

Franchisee shall purchase and maintain, at Franchisee's expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. Franchisee shall purchase and maintain professional liability (errors and omissions) insurance with coverage of at least \$1,000,000 per occurrence/annual aggregate. Franchisee shall purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to Franchisor or with a state agency. Franchisee shall provide Franchisor with one or more certificates of insurance evidencing such coverage's and naming Franchisor as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage's under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Franchisor. Upon request by Franchisor, Franchisee shall provide Franchisor with a true copy of any insurance policy, including all endorsements. Every insurance policy of Franchisee required by this Agreement shall provide that coverage is primary/non-contributory. Every insurance policy shall be with an insurance company that meets Franchisor's criteria as set forth in the Manual.

Article 9 - Renewal

9.01 Renewal Term.

Franchisee may renew the Franchise Agreement for two additional 5 year renewal terms, subject to the terms and conditions below.

9.02 Conditions Of Renewal.

Franchisee will be permitted to renew Franchisee's Franchise Agreement only upon the following terms and conditions:

- a. Franchisee must be current in payment of all fees and charges to Franchisor and any of its

related companies and must not have made more than two late payments within the last three years for which Franchisor gave written notice(s) of breach, which notice(s) were not withdrawn by Franchisor;

b. Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Franchisor;

c. Franchisee shall pay a renewal fee as established at the time by Franchisor, but which shall be not more than one -half of the then-current Initial Fee, payable in full at the time of execution of the Franchise Agreement referred to above;

d. Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Marketing Fees or entirely new categories of fees or mandatory expense;

e. Franchisee must maintain possession of the location identified in Exhibit A for the renewal term or obtain substitute premises approved by Franchisor;

f. Franchisee, at Franchisee's sole cost and expense, shall remodel or refurbish the **WePlay Music** and otherwise modernize and renovate the **WePlay Music**, signs and equipment to be consistent with the then current image of the System and to meet Franchisor's then current specifications;

g. Franchisee shall give written Notice to Franchisor at least six months, but not more than twelve months, prior to the end of the term of this Agreement of Franchisee's desire to renew; and

h. Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the **WePlay Music** or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another franchisee.

i. Franchisor must still be offering the sale of franchises, or otherwise chooses to maintain the franchise system in existence.

Article 10 - Continuation

If, following the termination or expiration of this Agreement for any reason, whether voluntary or involuntary, Franchisee continues to operate the **WePlay Music** or occupy the location with the express or implied consent of Franchisor, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this Agreement and shall be terminable by either party upon the lesser of (a) thirty (30) days written notice or (b) such shorter notice by Franchisor as would otherwise be applicable in a termination for cause. Franchisee acknowledges and agrees that such continuation shall be good cause for termination of this Agreement. Both parties shall continue to be subject to all terms of this Agreement during any such continuation period.

Article 11 - Entity Franchisee

11.01 Entity Definition.

An "Entity" is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

11.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee's interest under this Agreement or any interest in the **WePlay Music** to an Entity, the founding document(s) of the Entity must provide as follows:

This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the **WEPLAY MUSIC** Franchise Agreement dated _____, __. Any such agreement or undertaking is void.

11.03 Liability Of Owner(s).

Every owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall personally guaranty this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

11.04 Restriction On Certificates Of Ownership.

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the **WEPLAY MUSIC** Franchise Agreement dated _____, __. Any other transfer or attempted transfer is void.

11.05 Additional Requirements Of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

Article 12 - Transfer

12.01 Prior Consent.

Franchisee shall not transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Transfer" in whole or in part this Agreement, the Franchisee, the **WePlay Music**, the majority of assets of the **WePlay Music** or the leasehold of the **WePlay Music** or represent to any person that such a Transfer has been made without Franchisor's prior written approval. For purposes of this Paragraph 12.01, the term "Transfer" shall include any Transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Transfer without Franchisor's prior written consent shall be void and a breach of this Agreement.

12.02 Conditions Of Transfer.

As preconditions for obtaining Franchisor's consent to any Transfer, the following terms and conditions must be met:

- a. Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies;
- b. Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee;
- c. Franchisee must have paid in full all debts in connection with the **WePlay Music**;
- d. The Transferee must have agreed to assume all of the obligations of the **WePlay Music**;
- e. The Transferee must execute a disclosure form containing a waiver and release of any claim against Franchisor for any amount(s) paid to, or representation(s) made by Franchisee or any omission by Franchisee to disclose facts, material or otherwise;
- f. Franchisee must execute, at Franchisor's option, a mutual termination of this Agreement and a general release, and an agreement to defend, hold harmless and indemnify Franchisor from any claim by the Transferee in form specified by Franchisor.
- g. The Transferee must pay to Franchisor a Transfer Fee as follows: (i) \$1500 if the transferee is an entity with the same identical ownership or control; (ii) 70% of the then-current Initial Fee if the transferee will be new to the WePlay Music network; or (iii) 50% of the then-current Initial fee if the transferee is an existing WePlay Music franchisee approved for expansion. In any case, and the transferee must execute, at Franchisor's option, the then current form of Franchise Agreement
- h. The Transferee must, in the sole opinion of Franchisor, successfully complete the then current initial training program at the Transferee's sole cost and expense;
- i. The Transferee must have met the then current standards of Franchisor for experience, financial strength, reputation and character required of new or renewal Franchisees;
- j. The Transferee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the location, unless a new location has been approved in writing by Franchisor; and
- k. Franchisor must have been given at least thirty (30) business days written first right of refusal by Franchisee, upon the same terms as those agreed upon by Franchisee with any proposed Transferee; provided, however, Franchisor may substitute cash of equivalent value for any non-cash term. In the event Franchisor waives or fails to exercise its right of first refusal, if Franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, Franchisor shall have a new right of first refusal hereunder on the new terms.
- l. Franchisor must still be offering franchises for sale or otherwise chooses to maintain the franchise system in existence.

12.03 Transfer To An Entity.

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may Transfer this Agreement to an Entity, as defined in Article 11, formed or authorized to do business under the laws of the state where the **WePlay Music** is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the Transfer to Franchisor and shall personally guarantee the performance of this Agreement. If Franchisee is an Entity, Franchisee may Transfer this Agreement to another Entity, formed or authorized to do business under the laws of the state where the **WePlay Music** is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement. The personal guarantee shall be in the form of Exhibit E hereto. No Transfer under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to

Franchisor a processing fee of fifteen hundred dollars (\$1500.00) for such Transfer pursuant to this paragraph 12.03.

12.04 Approval Process.

Franchisor may use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved. The approval of one Transfer does not obligate Franchisor to approve any other or subsequent Transfer. If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or Transfer of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Transfer.

12.05 Transfer By Franchisor.

There shall be no restriction upon Franchisor's right to encumber, or Transfer this Agreement or the System. Following such a Transfer, Franchisor shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the Transferee agrees to assume all of Franchisor's liabilities and obligations to Franchisee. Upon Franchisor's request, Franchisee shall execute and deliver a certificate to Franchisor, as described in Paragraph 20.05, in connection with an anticipated transfer or financing procedure by Franchisor. Franchisee agrees to accept any transferee of Franchisor, including any subfranchisor and perform for such transferee the same as for Franchisor.

12.06 No Sublicensing.

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void.

Article 13 - Death Or Incapacity

13.01 Alternatives Upon Death Or Incapacity.

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within One Hundred eighty (180) days of such event:

- a. Apply to Franchisor for the right to continue to operate the franchise and the **WePlay Music** for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 12 of this Agreement (except that no transfer fee shall be required); or
- b. Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 12 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the One Hundred eighty (180) days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the One Hundred eighty (180) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

13.02 Effect Of Failure To Comply.

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the

time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 17 and 18.

13.03 Incapacity Defined.

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the **WePlay Music** on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this sub-paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the WePlay Music is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

Article 14 - Assumption of Management

Franchisor has the right (but not the obligation), under the circumstances described below, to assume Franchisee's WePlay Music management (or to appoint a third party to assume its management) for any period of time we deem appropriate, and in this event Franchisee agrees to pay Franchisor (in addition to the Royalty, Brand Marketing Fund contributions and other amounts due under this Agreement) a reasonable per diem fee, plus direct out-of-pocket costs and expenses, for up to 60 days. In such case, Franchisee acknowledges that Franchisor (or the third party) need utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses, or obligations incurred for the WePlay Music, nor or to any of Franchisee's creditors for any supplies, products, or other assets, services or purchases for Franchisee's WePlay Music, during such management period.

Franchisor may assume Franchisee's WePlay Music management under the following circumstances: (1) Franchisee abandons or fail actively to operate the WePlay Music; (2) Franchisee fails to comply with any provision of this Agreement or any System Standard and does not cure the failure within the time period specified in Franchisor's notice to Franchisee or (3) if this Agreement expires or is terminated and Franchisor is deciding whether to exercise its option to purchase WePlay Music under Article 15 below.

If Franchisor assumes management of the WePlay Music under subparagraphs (1), or (2) above, that will not affect Franchisor's right to terminate this Agreement under Article 17 below.

Article 15 - Termination

Franchisor may terminate this Agreement as follows:

- a. Franchisor may terminate this Agreement upon at least thirty (30) days' notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Franchisor or any affiliate of Franchisor.

b. Notwithstanding the above, Franchisor may terminate this Agreement immediately and without opportunity to cure for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and cure period pursuant to other provisions of this Agreement:

- i. Upon three willful and material breaches of the same term of this Agreement occurring within a twelve-month period;
- ii. Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;
- iii. Franchisee violates or attempts to violate any of the Transfer provisions of this Agreement;
- iv. Franchisee vacates, deserts, or otherwise abandons the **WePlay Music** for more than 3 consecutive days, not a planned closing (whether or not Franchisee intends to abandon);
- v. Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement;
- vi. Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement;
- vii. Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the **WePlay Music** (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Franchisor's opinion, for Franchisee's operation of the **WePlay Music**;
- viii. Franchisee is convicted of or pleads guilty or "Nolo Contendere" to any felony;
- ix. Franchisee fails to operate the **WePlay Music** under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual;
- x. Franchisee engages in any business dealings in relation with the Franchise, the **WePlay Music** or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Franchisor, other franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other franchisee or the Franchisor;
- xi. Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 20.05;
- xii. Franchisee fails to maintain insurance or workers compensation coverage; or
- xiii. Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Franchisor or between Franchisee and any of Franchisor's related companies is terminated for cause.

c. Notwithstanding any right of Franchisor to terminate this Agreement, pursuant to this Agreement or otherwise, Franchisor may, in Franchisor's sole discretion, elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Franchisor may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein. In addition, depending on the violations, Franchisor may impose a mandatory remediation program, which Franchisee must successfully complete in the timeframe indicated.

Article 16 - Competition With Franchisor

16.01 Competing Business Activities During Term.

During the term of this Agreement, Franchisee shall not engage, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "**WePlay Music**" herein or which is or would directly or indirectly compete with the **WePlay Music** or otherwise with the business of Franchisor or with any other franchisee of Franchisor. This prohibition includes, but is not limited to, any business operating a **WePlay Music**. Franchisee shall not operate any other business from the location. Franchisee shall not use nor permit to be used any Confidential Information of Franchisor or the Marks or anything resembling the Marks in connection with any other business, whether or not such other business is owned, controlled by or associated with Franchisee. Franchisee shall not solicit the customers for any reason not connected to the **WePlay Music**.

16.02 Competing Business Activities After Term.

a. Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal ("the Termination Date"), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

i. Compete with Franchisor or any franchisee of Franchisor within a twenty mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination or expiration date, in the operation of any business which offers music instruction/lessons and/or the sale of Music instruments and music books, for at least 20% of the business' revenues (Competing Business);

ii. Solicit, take away, or divert, and/or influence or attempt to influence any customers, franchisees, vendors, clients, and/or patrons of Franchisor or of any franchisee of Franchisor, to transfer or divert their business or patronage to any Competing Business;

iii. Interfere with or attempt to influence any Music Instructor of any **WePlay Music** (including your former **WePlay Music**), to leave their position or otherwise, become a Music Instructor or similar for a Competing Business.

b. Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, give away or otherwise transfer to any party the Confidential Information or Trade Secrets, or any part thereof;

c. Franchisee covenants and agrees that, for a period of twenty-four (24) months from the Termination Date, Franchisee will not, individually or together with another, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, member, agent, stockholder of any class, or as a partner, officer, director, trustee, franchisee, franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which does any of the above in 16.02 (a) and (b).

d. Franchisee acknowledges and agrees that, except as otherwise provided by state law to the contrary, the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its franchisees. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts

hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

e. It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

f. For purposes of this Agreement, all references to Franchisor shall be deemed to include: (i) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (ii) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (iii) any subfranchisor or other Transferee of Franchisor.

g. Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

h. Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars. The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys' fees and costs incurred therein in addition to any and all other remedies.

i. Nothing in this Article 16 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee. Nothing in this Article 16 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee.

j. The terms of this Article 16 shall survive the termination or expiration of this Agreement for any reason.

Article 17 - Effect Of Termination

17.01 Loss Of Rights.

After the Termination Date, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other **WePlay Music** franchisee as of the Termination Date shall become immediately due and payable. As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Franchisor or

Franchisor's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the location of the **WePlay Music**. If Franchisor elects to assume the lease, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of Franchisor or its designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the location, Franchisee agrees that Franchisor shall have the option to lease the location at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) days following the Termination Date.

17.02 Change Of Identity.

After the Termination Date, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former Franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the location from its former appearance and from other **WePlay Music** franchisees. If Franchisee fails to make such changes within ten (10) calendar days, then Franchisor shall have the right to enter upon the location, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. Franchisee shall immediately return to Franchisor the Manual, all Confidential Information, bulletins, instruction sheets, software, forms, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

17.03 Changeover Procedure.

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the location and to operate an **WePlay Music** business from that location, the parties agree to cooperate in the changeover of the **WePlay Music** to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Franchisor shall be entitled to take control of the location, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all Musical Instruments, Accessories, and Music Books, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's Musical Instruments, Accessories, and Music Books, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful termination, can be separately resolved and that an award of damages would be an

adequate remedy.

17.04 Continuing Royalties.

Franchisor shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date. All such royalties shall be due and payable on the Termination Date.

17.05 Option To Purchase Certain Assets.

Franchisor shall have and is hereby granted an exclusive option for a period of sixty (60) days from and after the Termination Date, to purchase from Franchisee all of Franchisee's right, title and interest in all or any part of the franchise, Franchisee's **WePlay Music** and business assets and/or the location, if applicable, at the fair market value, except as otherwise specifically provided herein, of all assets purchased, but excluding any value for purported "goodwill". Franchisee acknowledges that Franchisor already owns the "goodwill" which is attached to the Marks and the **WePlay Music**. In addition the Confidential Information and Trade Secrets also belong to Franchisor. Franchisor's notice exercising the option granted herein shall contain a list, at least by major category, of the assets Franchisor is purchasing. Franchisor shall not be obligated to assume any liabilities of Franchisee.

17.06 Payment And Terms.

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of sixty months, or such shorter period as Franchisor, in its sole discretion, shall elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the Termination Date.

17.07 Survival Of Terms.

The terms of this Article 17 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

Article 18 - Arbitration of Disputes.

18.01 Agreement to Arbitrate.

Except as provided below, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a single arbitrators versed in franchise, licensing or contract law, and shall take place in **Orange County, California**. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The prevailing party shall be awarded all costs fees, arbitrators compensation and attorneys' fees, from the losing party.

18.02 Conduct of Arbitration.

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor.

18.03 Limited Exceptions to Arbitration.

The requirements of paragraphs 18.01 and 18.02, shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Brand Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Confidential Information or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the State or federal courts in **Orange Superior Courts, California**. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 18.01 and 18.02.

Article 19 - Representations Of Franchisee

19.01 Representations

Franchisee represents and warrants as follows:

- a. Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;
- b. Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);
- c. Franchisee intends to be actively involved in the **WePlay Music** for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;
- d. Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

Article 20 - Miscellaneous Provisions

20.01 Non-waiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

20.02 Attorneys' Fees.

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by Section 18, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys' fees and costs, including expert fees and fees on appeal.

20.03 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event

this Agreement shall terminate.

20.04 Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

20.05 Estoppel Certificate

In the event that Franchisor is considering Transferring or encumbering this Agreement, the System, or any other of Franchisor's rights or assets, or upon request by Franchisor at any time, Franchisee shall, within ten (10) calendar days after Franchisor shall request the same, execute, acknowledge and deliver to Franchisor, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect); (b) the date to which royalties or other charges have been paid in advance, if any; (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Franchisor or Franchisee hereunder, or specifying such defaults if any are claimed; (d) setting forth the dates of commencement and expiration of the Term of this Agreement; (e) Franchisee has and knows of no basis for any claims of any kind against Franchisor (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims); and (f) any other matter upon which certification is requested by Franchisor or a prospective Transferee or encumbrancer. Franchisor may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any portion of Franchisor's rights hereunder. Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement.

20.06 Paragraph Headings.

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

20.07 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

20.08 No Third Party Beneficiary.

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other franchisee(s). Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

20.09 Choice Of Law.

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state of California except for claims involving Article 16, which shall be governed by the state in which the **WePlay Music** is located.

20.10 Notices.

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or

electronic mail, (b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

20.11 Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior or contemporaneous representations, promises, contracts or agreements not contained in this Agreement or the Franchise Disclosure Document presented herewith are hereby fully superseded.

20.12 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

20.13 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the **WePlay Music** is located.

20.14 Time Of Essence.

Time is of the essence of this Agreement.

20.15 Assignment.

Franchisor shall have the right to assign this agreement without Franchisee's consent, and any such assignee shall succeed to Franchisee's position. Franchisee may only assign this Agreement in accordance with the Transfer provisions of Article 12.

Signatures on next page

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

Dated: _____[effective date]

Date signed: _____

FRANCHISOR:

WePlay Music Franchise, LLC

FRANCHISEE:

By _____
Desislava Grueva, Member

Franchisee

Franchisee

EXHIBIT A
to
Franchise Agreement

Location of WePlay Music

The location of Franchisee's WePlay Music shall be:

Street Address: _____

City: _____

State: _____

EXHIBIT B
to
Franchise Agreement

Territory

**To be determined once a location has been secured
based on population and number of households in the surrounding area.**

Franchisee's designated Territory shall be defined as follows:

Map(s): Please see attached map(s) if applicable.

EXHIBIT C
to
Franchise Agreement

**Conditional Lease Assignment
And Lease Rider**

This Conditional Lease Assignment and Lease Rider is entered into this ____ day of _____, 20____, attached to and is part of that certain Lease, by and between: _____ Lessor) and _____ (Lessee) dated _____ for the premises located at: _____ ("Premises").

A. **CONDITIONAL ASSIGNMENT:** Lessee hereby conditionally Assigns all of the Lessee's right, title and interest in this lease to **WePlay Music Franchise, LLC** (hereinafter, "Franchisor"). This Assignment shall become effective only upon occurrence of any of the following conditions, and upon 30 days' notice by Franchisor to Lessor of its option to assume the obligations of and to replace Lessee as the lessee as provided below

B. **CONSENT.** Lessor hereby consents to the said conditional Assignment and hereby agrees that if said conditional Assignment becomes effective, Franchisor shall thereafter be substituted for Lessee as the Lessee in this lease, as of the effective date indicated in Franchisor's on notice to Lessor. Further, Franchisor shall have the right to re-assign the lessee position in the lease to a new Franchisee of Franchisor.

C. **FRANCHISOR'S EXERCISE OF OPTION.** Lessee agrees that at such time as Franchisor exercises its option to become the Lessee under this lease, Lessee will immediately vacate the demised premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor will permit Franchisor to enter upon and take possession of the demised premises. Lessor will cooperate in all legal action necessary to remove lessee if lessee refuses to vacate premises.

D. **NOTICE.** Lessor is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the **WePlay Music** Franchise Agreement and exercise by Franchisor of its option to become the Lessee under this lease and is hereby relieved of any and all liability to Lessor for any action it takes in so relying.

E. **DEFAULT BY LESSEE:** Lessor agrees to give Franchisor thirty (30) days prior written notice of its intention to terminate, and all notices of Default under the lease. During the thirty (30) day period Franchisor may cure such default or otherwise exercise its rights under the conditional Assignment.

F. **FRANCHISOR'S RIGHT TO ENTER.** Franchisor shall have the right without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the **WePlay Music** System and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, (iii) to temporarily manage the **WePlay Music** studio or (iv) to remove the distinctive elements of the **WePlay Music** trade dress upon the Franchise Agreement's expiration or termination. Neither Franchisor nor Landlord shall be responsible to Lessee for any damages Lessee might sustain as a result of action Franchisor takes

in accordance with this provision. Franchisor shall repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor, or ceiling resulting from Franchisor's removal of trade dress items and other property from the Premises.

G. **FRANCHISOR'S RIGHT TO ASSIGNMENT.** If Franchisor cures a default by Lessee under the Lease, or if Franchisor notifies Landlord that the Franchise Agreement has expired or been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Lessee from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

H. **FRANCHISOR'S FURTHER ASSIGNMENT.** If at any time after the assignment occurs as provided herein, Franchisor shall notify Landlord that the franchise for the Store is being granted to another **WePlay Music** franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

I. **LESSEE'S ASSIGNMENT TO FRANCHISOR.** Lessee shall be permitted to assign the Lease to Franchisor or its designee upon the expiration or termination of the Franchise Agreement. Landlord consents to such an assignment and agrees not to impose any assignment fee or similar charge, or to increase or accelerate rent under the Lease, in connection with such an assignment.

J. **NO SUBLETTING BY LESSEE.** Lessee may not assign the Lease or sublet the Premises without Franchisor's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Franchisor has given its written consent to Lessee's proposed assignment or subletting.

K. **NO AMENDING LEASE.** Landlord and Lessee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Franchisor's prior written consent.

L. **OPTION TO RENEW:** In the event that Lessee fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Lessor agrees to notify Franchisor in writing of lessee's failure to renew the lease and Franchisor shall then have thirty (30) days from the receipt of such notice to exercise any option to renew and replace Lessee as the lessee under the lease.

M. **ACKNOWLEDGEMENT:** Landlord acknowledges that Franchisor is not a party to the Lease and shall have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Franchisor in accordance with the terms of this Rider.

N. **LEASE RIDER SUPERCEDES:** The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease.

IN WITNESS WHEREOF, the parties have executed this Conditional Assignment of Lease and Lease Rider of the date first above written.

Dated: _____ [effective
date]

Date signed: _____

WePlay Music Franchise, LLC
(Franchisor/Assignee)

FRANCHISEE

By _____
Desislava Grueva, Member

Franchisee

Franchisee

LESSOR:

By: _____

Its: _____

EXHIBIT D
to
Franchise Agreement

Assignment of Telephone Numbers

_____ Franchisee/Assignor, in consideration of **WePlay Music Franchise, LLC** Franchisor/Assignee granting an **WePlay Music** franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby Assigns to **WePlay Music Franchise, LLC** all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his **WePlay Music**. The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof. This Assignment is valid on the effective date and is irrevocable. It applies equally to any numbers first used after the effective date. The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Franchisor/Assignee. Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment. Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment.

Dated: _____ [effective date] Date signed: _____

WEPLAY MUSIC FRANCHISE, LLC
(Franchisor/Assignee)

FRANCHISEE
(Assignor)

By _____
Desislava Grueva, Member

Franchisee

Franchisee

Subject telephone number(s):

(to be filled in once there is a business telephone number):

EXHIBIT E
to
Franchise Agreement

Personal Guaranty

IN CONSIDERATION of and to induce the consent by **WEPLAY MUSIC FRANCHISE, LLC**, a **California** limited liability company ("Franchisor") to the Assignment of all right, title, and interest in and to the **WEPLAY MUSIC FRANCHISE, LLC** Franchise Agreement dated _____ to _____, a _____ [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement in the Entity form], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

1.01 Payment Of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the license set forth in the **WePlay Music** Franchise Agreement described above. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

2.01 Execution And Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the

undersigned shall be made at the office of Franchisor in **California**, or such other location as Franchisor may designate in writing.

3.01 Rights Of Company

Franchisor may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

4.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non revocable, except with the express written consent of Franchisor.

4.02 Joint And Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

4.03 Successors And Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and Assigns of Franchisor and of the undersigned.

4.04 Noncompetition.

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition.

4.05 Bankruptcy Or Insolvency Of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an Assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

WITNESS our hands at _____, on this the _____ day of _____, 20__.

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

[SIGNATURE]
_____% owner of Franchisee

EXHIBIT F
to
Franchise Agreement

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
WEPLAY MUSIC FRANCHISE, LLC INCLUDING CHECKS AND ELECTRONIC TRANSFERS

Depositor hereby authorizes and requests _____ (the "Bank") to initiate debit and credit entries to Depositor's account indicated below drawn by and payable to the order of **WEPLAY MUSIC FRANCHISE, LLC** (the "Company") in checks drawn on such account payable to the Company or by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Bank's rights with respect to each such charge shall be the same as if it were a check drawn by the Bank and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever.

Bank Name: _____

Bank Address: _____

Transit/ABA Number: _____

Account Number: _____

This authority is to remain in full force and effect until the Company has received written notification from the depositor of its termination in such time and in such manner to afford the Company and Bank a responsible opportunity to act on such request.

Store Address: _____

Name of Depositor: _____ (Please print Franchisee name)

Date Signed

Signature of Depositor

Signature of Depositor (in case more than 1 depositor)

PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.

EXHIBIT G
to
Franchise Agreement

Confidentiality Agreement FORM
(For Franchisee's Employees)

This Agreement is made and entered into by and between
_____, (hereinafter, "the Employer") and
_____, (hereinafter, "Employee").

WHEREAS, Employer is engaged in the business of offering and selling goods and services in connection with an **WePlay Music** under the Marks and using the System, pursuant to a franchise agreement with **WEPLAY MUSIC FRANCHISE, LLC** (herein, "**WePlay Music**"); and

WHEREAS, Employer has a need for a manager or key employee for the **WePlay Music**; and

WHEREAS, Employee is willing and able to become a manager or key employee for the **WePlay Music**;

WHEREAS, Employer is willing to hire Employee or to promote Employee to the position of manager or key employee of the **WePlay Music**, but only upon the terms and conditions set forth herein.

NOW THEREFORE, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows:

Employment.

Employer agrees to employ Employee as _____, and to pay compensation as follows:

. Confidential Information

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the **WePlay Music**, its operation, management, policies, relationship with its Franchisor, identity of its customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are Confidential Information if analyzed in isolation, become and are part of the trade secrets and are subject to this

Agreement. Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer's Franchisor would suffer irreparable harm. Confidential Information does not include information on public record or readily available from a third party without consent by Employer.

. Employer Owns All Incidents

Employer shall be entitled to all of the benefits, profits and other issues arising from or incident to all work, services, and advice of Employee relating to the Confidential Information or arising out of discussions with Employer regarding same, and in any way communicated to Employer or becoming known to Employer during or after the term of employment.

. Nondisclosure

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding any trade secret(s) or any proprietary information of Employer. All such information shall be held by Employee in complete confidence. Such information is important, material, and confidential and gravely affects the effective and successful conduct of Employer's business and goodwill. Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing trade secrets. Breach of any of the terms of this paragraph shall be a material breach of this Agreement. The terms of this paragraph shall survive termination of this Agreement for any reason. Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any trade secrets in violation of this Agreement.

. Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars (\$10.00). Employee waives any right to a higher bond. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this Agreement. The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation.

5 Effectiveness

This Agreement shall become effective when signed and shall be enforceable at any time thereafter.

6 Non-waiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

7 Attorneys Fees.

In the event that legal action or arbitration is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs.

8 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

9 Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

10 Paragraph Headings.

The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

11 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs.

12 Choice Of Law.

This Agreement shall be governed by and construed under the laws of the state in which the **WePlay Music** is located.

13 Notices.

All notices required or permitted by this Agreement shall be sent to the respective parties at the addresses set forth herein. The place of notice may be modified by appropriate registered or certified mailing to the other party. All notices shall be sent by certified mail, return receipt requested, postage prepaid, or personally delivered. Notices shall be deemed given at the earlier of (a) receipt by the addressee or (b) two (2) days following deposit with the United States Postal Service or its successor.

14 Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior representations, promises, contracts or agreements are hereby fully superseded.

15 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer.

Signatures on next page.

Date: _____

EMPLOYER

By _____
_____, its _____

Address: _____

EMPLOYEE

Signature

Address: _____

Phone: _____

EXHIBIT H
to
Franchise Agreement

Small Business Administration Addendum



ADDENDUM TO FRANCHISE ¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____ (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(3).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR :

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE :

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

FRANCHISE DISCLOSURE DOCUMENT

Attachment C

List of Franchisees as of December 31, 2023

FRANCHISEES:

NONE

Company Owned:

6452 Irvine Blvd, Irvine 92620

5321 University Drive, Irvine, California 92612 (Opened 2022)

FORMER FRANCHISEES

(Past fiscal year, or who have not communicated with Franchisor within past 10 weeks):

NONE

FRANCHISE DISCLOSURE DOCUMENT

Attachment D

OPERATIONS MANUAL TABLE OF CONTENTS



WePlay Music®

OPERATIONS MANUAL

Table of Contents

Introduction to the Manual 1

Manual Organization

Ownership of the Manual

Purpose of this Manual

Importance of Confidentiality Keeping the Manual Current

Disclaimer

Welcome Letter

History of the Company

Who to Call

Overview of Services Provided to Franchises 12

Site Selection

Lease Approval

Initial Training

Other Initial Support

Grand Opening Support

Ongoing Training and Support

Approved Suppliers

Marketing

Software

Overview of Your Responsibility 27

Visits from Us 29

Fees 31

Introduction 33

Establishment of Business Form 34

Business Structure
Overview of Entity Choices
Liability Protection
Income Taxation
Administration
Other Factors in Entity Choice
Naming Your Entity

Site Selection Process 43

Site Selection Criteria
Market Analysis
Seeking Approval of Proposed Sites
Lease Considerations
Seeking Approval of Lease

Licenses, Permits and Taxes 50

Introduction
Business Licenses and Permits
Optional Certifications
Tax Registrations and Payments
Additional Resources

Training 55

Scheduling Initial Training
Initial Training Program

- Owner Training
- Manager Training
- Teachers Training
- Admin Staff Training

Setting Up Your Facility 75

Building Out the Facility
Construction Specifications
Required Fixtures, Furnishings, Equipment and Services
POS and Computer Systems
Sign Requirements

Initial Inventory and Supplies 90

Required Inventory
School and office supplies
List of Approved Suppliers

Utilities / Services 95

Utilities
Services

Dress Code 97

Bank Accounts 98

Main Business Account
LOC and other operational loans

Insurance Coverage 100

General Insurance Requirements
Minimum Coverage Amounts
Insurance Company Requirements

Grand Opening 103

Notification
Two Weeks Out – Direct Mail
Soft Opening – Publicity
Week One
VIP Invites
The First Company Meeting

Pre-Opening Checklist 109

Introduction

Employment Law Basics 112

Employee Rights / Employer Responsibilities
Federal Regulations on Employment Relationships
State Employment Laws

Preparing to Hire Your First Employee 145

Job Responsibilities and Ideal Employee Profiles 155

Responsibilities
Profile of Ideal Employees
Job Descriptions

Recruiting Employees 180

Sources of Employee Candidates
Job Advertisements
Requirements to Advertise Open Positions

Job Applications 189

Application Form
Confidentiality of Applications

Interviewing Job Applicants	193
Preparing For Interviews	
Conducting Successful Interviews	
Questions to Avoid	
Background Checks on Job Applicants	200
General Tips on Background Checks	
Special Rules for Certain Records	
Pre-Employment Testing	205
Miscellaneous Hiring Issues	206
New Employee Paperwork	226
Additional Steps in Hiring Process	270
New Employee Orientation	283
New Employee Training	290
Teacher Onboarding Training	
HR Onboarding Training	
Personnel Policies	309
Introduction	
Communicating Work Rules	
Teacher Training	
Admin Training	
Paying Your Employees	345
Wages	
Minimum Wage	
Benefits	
Legislated Benefits	
Employee Scheduling	366
Employee Management Forms	369
Employee Morale / Motivation	389
Introduction	
Factors of Good Morale	
Signs of Bad Morale	
Improving Morale and Motivation	
Performance Evaluations	406
Employee Discipline	418

Resignation / Termination 421

- Resignation
- Termination
- Post-Separation Procedures
- Final Paychecks
- Explaining Termination to Other Employees
- Giving References (forms)

Summary of Good Employee Management Practices 431**Getting Legal Help with Employment Law Issues 435****Introduction****Required Days / Hours of Operation 436****Customer Service Procedures 437**

- Customer Service Philosophy
- Customer Feedback
- Customer Complaints
- Our Customer Complaint Policy
- Refund Requests

Customer Service Procedures 453

- Greeting Customers
- Answering the Telephone
- Atmosphere
- Understanding the Product Offerings
- Working / Interacting with Customers
- Job Descriptions
- Suggestive Selling Techniques
- Passive Selling Versus Active Selling

Merchandising Procedures 485

- Visual Merchandising Standards
- Merchandising Products
- Using Logo

Opening / Closing Checklists 497

- Opening Checklist
- Closing Checklist

Using MB Platform 499

- Using POS
- Scheduling

Inventory Management 524

Product Ordering Procedures
Product Receiving Procedures
Storing Procedures
Labeling and Rotating Inventory

Operational and Financial Reporting 532

Features of the POS System
Generating Reports
Analyzing Reports
Sample Reports

Franchise Fees and Reporting Requirements 545

Royalty Payment
Marketing Fee
Required Reports
Financial Statements

Loss Prevention Techniques 550

Scheduling
Inventory

Required Cleaning and Maintenance 552

Safety Procedures 554

Preventing Accidents and Injuries
Crisis Management Policy
Reporting Accidents
Worker's Compensation Issues
Fire Safety
Robbery / Burglary
Unruly Customers
Using the Alarm System

Student Inquiries 557

Student Registration 558

Programs and Curriculum 559

Piano
Guitar and Ukulele
Drums
Voice
Strings - Violin, Viola, Cello
Woodwinds - Flute, Clarinet, Saxophone

Baby Amadeus
Little Amadeus
Intro Piano
Intro Violin
Intro Ukulele
WePlay Music Choir

Examinations 599

The Royal Conservatory of Music (RCM)
Rockschool (RSL)
ABRSM

Recitals 603

Summer Recital
Winter Recital

Introduction

The Sales Process 613

First contact
Building Rapport with the Customer
Handling Objections

Understanding Your Competition 618

Competitive Advantages 620

Promoting our Business in Your Area 625

Your General Obligations
Marketing Standards and strategies

Logo Specifications 628

Required Marketing Expenditures 629

Grand Opening Marketing
Local Marketing Requirements
Franchisor Support

Public Relations / Community Involvement 633

Local Schools outreach
Local Chamber of Commerce
Team Sponsorships
Community Service / Charitable Activities

Misc 640

FRANCHISE DISCLOSURE DOCUMENT

Attachment E

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Financial
Protection and Innovation,

Main Office – Sacramento:
2101 Arena Boulevard Sacramento, CA
95834 (916) 445-7205

San Francisco:
One Sansome Street, Suite 600 San
Francisco, CA 94104-4428 (415) 972-
8565

Los Angeles:
1) 300 S. Spring Street, Suite 15513 Los
Angeles, CA 90013-1259
(213) 897-2085 320

2) West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

San Diego:
1455 Frazee Road, Suite 315
San Diego, CA 92108 (619) 610-2093

Agent:
Commissioner of Financial
Protection and Innovation
www.dfpi.ca.gov
Toll Free (866) 275-2677
Ask.DFPI@dfpi.ca.gov

MARYLAND

Office of the Attorney
General Securities Division
200 St. Paul Place
Baltimore, Maryland 21202---2020
(410) 576-6360

Agent: Maryland Securities
Commissioner 200 St. Paul Place
Baltimore, Maryland 21202----2020

HAWAII

Securities Examiner
1010 Richards
Street
Honolulu, Hawaii 96813

Agent: Director of Hawaii
Department of Commerce and
Consumer Affairs

ILLINOIS

Franchise Division
Office of Attorney
General 500 South
Second Street
Springfield, Illinois 62706

Agent: Illinois Attorney
General

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of
Attorney General
670 Law Building
Lansing, Michigan 48913

Agent: Michigan Department of
Commerce Corporations and Securities
Bureau

MINNESOTA

Minnesota Department of
Commerce 85 7th Place East,
Suite 500
St. Paul, Minnesota 55101---

Agent: Minnesota Commissioner of
Commerce

INDIANA

Franchise Section
Indiana Securities
Division Room E-111
302 West Washington
Street Indianapolis,
Indiana 46204

Agent: Indiana Secretary of State
Indiana Securities Division 201
State House
Indianapolis, IN 46204

NEW YORK

Investor Protection Bureau
New York State Department of Law
28 Liberty St., 21st FL
New York, New York 10005

Agent:
New York Secretary of State
99 Washington Ave
Albany, NY 12231

NORTH DAKOTA

Office of Securities
Commissioner Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Agent: North Dakota Securities
Commissioner

OREGON

Department of Insurance and
Finance Corporate Securities
Section
Labor and Industries Building
Salem, Oregon 97310

NEBRASKA

Nebraska Department of Banking and
Finance 1200 N Street
P.O. Box 95006
Lincoln, Nebraska 68509----5006

SOUTH DAKOTA

Division of
Securities c/o 118
West Capitol
Pierre, South Dakota
57501 (605) 773-4013

Agent: Director of South Dakota
Division Securities

TEXAS

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

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street 9th FL
Richmond, Virginia 23219

Agent: Clerk of the State
Corporation Commission

Agent: Director of Oregon Department of
Insurance and Finance

RHODE ISLAND

Division of
Securities Suite 232
233 Richmond Street
Providence, Rhode Island
02903

Agent: Director of Rhode Island
Department of Business Regulation

WASHINGTON

Director
Department of Financial
Institutions Securities Division
P.O. Box 9033
Olympia, Washington 98507

Agent: Securities Administrator, Director
of Department of Financial Institutions

WISCONSIN

Securities and Franchise Registration
Wisconsin Securities Commission
P.O. Box 1768
Madison Wisconsin 53703

Agent: Wisconsin Commissioner of
Securities

FRANCHISE DISCLOSURE DOCUMENT

Attachment F

State Specific Addenda

California Addendum to FDD and Franchise Agreement

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

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

The maximum interest rate in California is 10% annually.

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Section 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

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

The franchise agreement requires binding arbitration. The arbitration will occur at Orange County, California and the arbitrators have the discretion to assess the costs of arbitration, including reasonable arbitrators' and attorneys' fees in proportions as the arbitrators may determine. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement, restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (1) waiving any claims under any applicable state franchise law including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connected with the franchise.

Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.”

OUR WEBSITE AND WEBSITE ADDRESS www.WePlayMusic.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Illinois

Many states have status concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute (915 ILCS 705/19 and 705/20).

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a Franchise Agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Summary." The Franchise Agreement is amended to omit Section XXV.

The Franchise Agreement requires franchisee to sign a release of claims as a condition for transfer or renewal of the franchise. Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires franchisee to waive franchisee's rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring franchisee to sign a release of claims as part of a negotiated settlement of a dispute.

Maryland

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement says that franchisor may require franchisee to sign a release of claims, other than claims that may not be waived in advance under applicable law, as a condition of renewal or transfer of your franchise. Under Maryland law, the release will not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Under the Franchise Agreement, franchisee must disclaim the occurrence and/or acknowledge the non-occurrence of acts that might constitute a violation of the Maryland franchise law. These representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the franchise is granted.

Michigan

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

- (a)** A prohibition on the right of a franchisee to join an association of franchises.
- (b)** A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel, which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c)** A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d)** A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e)** A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f)** A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g)** A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
- Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h)** A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision

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

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

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

A FRANCHISE SHALL NOT BE SOLD IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST TEN (10) BUSINESS DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST TEN (10) BUSINESS DAYS BEFORE THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE STATEMENT DESCRIBED IN THIS STATUTE.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to: Consumer Protection Division
Attn: Marilyn McEwen 670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C. 14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement.

The Franchise Agreement requires you to sign a release of claims as a condition of renewing or transferring a franchise. Minnesota Rule Part 2860.4400J prohibits franchisor from requiring franchisee to sign a release of claims arising under the Minnesota Franchise Law. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The Franchise Agreement provides that franchisor is entitled to a temporary injunction or decree of specific performance. The Franchise Agreement is amended to provide that we are entitled to seek a temporary injunction or decree of specific performance if we can demonstrate to a court of competent jurisdiction that there is substantial likelihood of franchisee's breach or threatened breach of any of the terms of the Franchise Agreement, not that franchisor is necessarily entitled to obtain this relief.

Under Minnesota law, any claim arising under §80C may be brought within three years after the cause of action accrues. The Franchise Agreement is amended to provide for a three year period within which to bring any Minnesota claims.

New York

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH FRANCHISEE ABOUT ITEMS COVERED IN THIS PROSPECTUS. 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 PROSPECTUS.

Except as stated in Item 3 of this Disclosure Document, neither the franchisor, its predecessor or predecessors nor any person or sales agent identified in Item 2 of this Disclosure Document: (i) has pending any administrative, criminal, or material civil action (or a significant number of civil actions irrespective of materiality) alleging a felony, violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (ii) 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 a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations; (iii) is subject to any injunctive or restrictive order or decree relating to franchises or under Federal or State franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

Neither the franchisor, its affiliate, its predecessor, officers, nor general partner during the 10-year period immediately before the date of the Disclosure Document: (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 the officer or general partner of the franchisor held this position in the company or partnership.

The introduction to Item 17 is amended to read as follows:

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

The Summary column of Item 17d is amended to read: "You may terminate upon any grounds permitted by law."

The Summary column of Item 17j is amended to read: "We may assign only to a financially responsible assignee that we reasonably believe is capable of performing its obligations under the franchise agreement and which expressly assumes these obligations in writing."

The Summary column in Item 17w is amended to add the following: "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

North Dakota

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 17c is revised to omit any requirement that a general release be signed as a condition of renewal.

Item 17r is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, they are generally considered unenforceable in the State of North Dakota."

Item 17u is amended to omit any reference to the location or mediation or arbitration.

Item 17w is amended to state "None."

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by §19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

South Dakota

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with §11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that trademark issues are to be under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL any condition, stipulation or provision purporting to waive compliance with any provision of this chapter, or any rule or order is void.

An acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

Virginia

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Crimson Coward, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause" as that term may be defined in the Virginia Retail Franchising Act, or the laws of Virginia, that provision may not be enforceable.

Washington

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

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The Franchise Agreement requires application of the laws of a state other than Washington. If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chap. 19.100 RCW, will prevail.

The Franchise Agreement requires franchisee to sign a release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in connection with the transfer.

FRANCHISE DISCLOSURE DOCUMENT

Attachment G

General Release

This General Release ("Release") is made and entered into on this ____ day of _____, 20__ by and between **WEPLAY MUSIC FRANCHISE, LLC** ("Franchisor") and _____ ("Franchisee") with regard to the following Recitals.

RECITALS

WHEREAS, Franchisor and Franchisee are parties to an **WePlay Music** Franchise Agreement (the "Franchise Agreement") dated _____, 20____, granting Franchisee the right to operate an **WePlay Music** under Franchisor's proprietary marks and system at the following location: _____;

WHEREAS, Franchisee is requesting Franchisor's consent to a transfer, or requesting a renewal term or requesting Franchisor's consent to _____; and Franchisor is willing to grant such consent in consideration for Franchisee signing this Release.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasers"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasers.

The Releasers, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release.

Franchisee hereby waives the provisions of California Civil Code section 1542, which provides:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

And any other similar provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

WEPLAY MUSIC FRANCHISE, LLC.

FRANCHISEE

By: _____
Desislava Grueva, Member

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 stated below

State	Effective Date
California	April 24, 2024

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.

FRANCHISE DISCLOSURE DOCUMENT

Attachment H

Receipts

Item 23
RECEIPT

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

If WePlay Music Franchise, LLC offers you a franchise, it must provide this disclosure document to you at least 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 the franchisor to provide the franchisee a 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 related to the franchise relationship.)

If WePlay Music Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state agencies listed in Exhibit E. WePlay Music, LLC, authorizes the respective Agents identified on Exhibit E to receive service of process for us in the particular state.

The Franchisor is WePlay Music Franchise, LLC, 6452 Irvine Blvd, Irvine, California 92620

The franchise seller(s) involved in offering and selling the franchise to you is:

Desislava Grueva, 6452 Irvine Blvd, Irvine 92620, California 90241 PH (949) 396 6907

I have received a Franchise Disclosure Document,
Issued April 12, 2024, Amended September 9, 2024. This disclosure document includes the following Attachments:

ATTACHMENT A	Financial Statements
ATTACHMENT B	Franchise Agreement with Exhibits and SBA Addendum
ATTACHMENT C	List of Current and Former Franchisees
ATTACHMENT D	Table of Contents for Manual
ATTACHMENT E	State Administrators and Agents for Service of Process
ATTACHMENT F	State Specific Addenda
ATTACHMENT G	General Release
ATTACHMENT H	Receipts

Dated: _____ Franchisee: _____

Dated: _____ Franchisee: _____

KEEP THIS COPY FOR YOUR RECORDS

Item 23
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ATTACHMENT H	Receipts

Dated:_____ Franchisee:_____

Dated:_____ Franchisee:_____

RETURN THIS COPY TO:

WePlay Music Franchise, LLC, 6452 Irvine Blvd, Irvine, California 92620

