# FRANCHISE DISCLOSURE DOCUMENT

WKAF LLC,
A Washington State Limited Liability Company
6523 California Avenue SW
Seattle, WA 98136
Telephone: 206-853-2178
franchise@worldkidsschool.com
worldkidsschool.com

As a WorldKids School franchisee, you will operate a learning center offering immersion classes in Spanish and a second language that supports the community for children ranging from ages 2 months to 12 years old.

**Small (1,000 – 3,000 sq. feet):** The total investment necessary to begin operation of a franchised business ranges from $378,385 to $620,385. This includes $120,000, which must be paid to the franchisor or affiliate. The total investment necessary to begin operation of an Area Development Business for 3-5 outlets is $160,000 to $240,000. This includes $160,000 to $240,000 that must be paid to the franchisor or affiliate.

**Medium (4,000 – 6,000 sq. feet):** The total investment necessary to begin operation of a franchised business ranges from $827,500 to $1,823,500. This includes $120,000, which must be paid to the franchisor or affiliate. The total investment necessary to begin operation of an Area Development Business for 3-5 outlets is $160,000 to $240,000. This includes $160,000 to $240,000 that must be paid to the franchisor or affiliate.

**Large (6,000 – 12,000 sq. feet):** The total investment necessary to begin operation of a franchised business ranges from $1,148,265 to $3,826,265. This includes $120,000, which must be paid to the franchisor or affiliate. The total investment necessary to begin operation of an Area Development Business for 3-5 outlets is $160,000 to $240,000. This includes $160,000 to $240,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 to you. To discuss the availability of disclosures in different formats, contact Nicole Chaudry, 6523 California Avenue SW, Seattle, WA 98136; 206-853-2178; franchise@worldkidsschool.com

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 31, 2026

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G-1 and G-2. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit E 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 WorldKids School 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 WorldKids School franchisee?** | Item 20 or Exhibits G-1 and G-2 list current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

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

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

3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.

4. **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.

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

**MICHIGAN ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

**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 franchisees.

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

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

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation 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.**

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**FRANCHISE DISCLOSURE DOCUMENT**

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## ITEM 1. THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

**The Franchisor.**

The franchisor is WKAF LLC For ease of reference in this disclosure document, WKAF LLC is referred to as "we," "us," or "our" and the person who is considering the franchise is referred to as "you" or "your." If you are a corporation, limited liability company, or other legal entity ("legal entity"), certain provisions of the franchise agreement and any related agreements will apply to your owners.

We are a Washington State Limited Liability Company formed on July 18, 2024. We do business under our corporate name and WorldKids School. Our principal business address is 6523 California Avenue SW, Seattle, WA 98136. Exhibit A contains our agents for service of process.

We have not operated a business of the type being franchised, engaged in any other line of business, have not offered franchises in any other line of business, and began offering franchises in 2024.

**Parents, Predecessors, and Affiliates.**

Parents or Predecessors.

We do not have a parent or predecessor.

Affiliates.

We have an affiliate, WorldKids Academy, LLC, a Washington State limited liability company formed on January 30, 2015, with a principal business address at 6523 California Avenue SW, Seattle, WA 98136, which has operated an outlet similar to the one offered through this disclosure document since 2015.

The Affiliate has not offered franchises in this line or any other line of business and does not provide products or services to franchisees.

**The Franchise Offered.**

We offer franchises to operate a learning center offering immersion classes in Spanish and Mandarin or a second language that supports the community and is approved by the WorldKids Franchisor for children ranging from ages 2 months to 12 years old under the trademark and trade name WorldKids School.

You must operate the franchised business according to our standards and specifications, and sign our standard franchise agreement ("Franchise Agreement").

We also offer qualified individuals the right to operate multiple Franchised Businesses, typically three to five, per an agreed upon development schedule, under an Area Development Agreement. You must execute the franchise agreement for your first outlet under the Area Development Agreement at the same time as the Area Development Agreement. You must sign the then-current future franchise agreements which may differ from the form of franchise agreement included in this franchise disclosure document. We base our qualifications on whether or not we will also offer you the opportunity to become an area developer based on your financial resources, your experience in the industry, your business experience, as well as your marketing and sales plans.

Additionally, your learning center must obtain a minimum of two extracurricular vendors that have been approved by us and meet our specific requirements.

**Market and Competition.**

The market for your services and products is the parents of children from ages 2 months to 12 years old. In most areas, the market is developing. Sales are year-round.

Your franchised business may have to compete with other businesses offering services and products similar to those that you will offer, including franchised operations, national chains, and other independently owned companies.

**Industry Specific Regulations.**

You must comply with all local, state, and federal laws and regulations that apply to the operation of your business.

Certain states may consider your business to be a "school" or "after-school program" and you may be subject to state or local licensing, permit, and ordinance laws applicable to schools. These requirements may require you to have a teaching license or certificate, separate bathrooms for boys and girls, water fountains, special exit doors equipped with panic bars, and accommodations for disabled persons. You are also subject to local zoning rules because they may limit where you can locate your Franchised Business and may affect design features, including the building facade and signs.

Some jurisdictions require, and we require, that you conduct background checks on any employee that will be in contact with children during the operation of the franchised business. You must comply with the Fair Credit Reporting Act when conducting background checks. We urge you to consult with a local attorney about state and local laws and regulations as these vary by locality.

We require that you or your Director have the state specific required credentials.

In addition, because your center will serve meals, you must obtain and comply with all licensing, permits, food safety, food handling, and other food preparation and service related laws.

The details of state, county and local laws and regulations vary from place to place. You should investigate these laws and regulations further.

## ITEM 2. BUSINESS EXPERIENCE

CHIEF EXECUTIVE OFFICER – NICOLE CHAUDRY

Nicole Chaudry has served as our CEO from our inception in July 2024 until the present. Nicole Chaudry has also served as the CEO of our Affiliate, WorldKids Academy, LLC, from January 2015 to the present, in Seattle, Washington.

VICE PRESIDENT OF OPERATIONS – LAURA VOLLMANN, CFE

Laura Vollmann has served as our Vice President of Operations since August 2025. Previously, Laura Vollman was employed by Propelled Brands in Carrollton, Texas as the Director of Strategic Operations from May 2025 to August 2025, Manager of Franchise Business Consults from April 2022 to May 2025, and Senior Business Consultant from April 2019 to April 2022.

DIRECTOR OF OPERATIONS – VICTORIA ITA

Victoria Ita has served as our Director of Operations since August 2025. Victoria Ita has also served as the HR Director for Worldkids Schools from July 2023 to April 2025. Victoria Ita was HR Operations Partner at the YMCA of Greater Seattle from March 2017 to December 2021. Victoria Ita was the HR Lead for Alternative Behavior Strategies from December 2021 to July 2023.

## ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

## ITEM 4. BANKRUPTCY

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

## ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay us, upon signing the franchise agreement, a $80,000 initial franchise fee ("Initial Franchise Fee").

Site Development Assistance Fee

You will pay us a Site Development Assistance Fee of $20,000. This fee is due on the date the lease is signed or the property or the site is purchased. This fee covers our support in evaluating potential locations, providing site selection guidance, reviewing proposed sites, and offering development-related consultation.

Training Assistance and Opening Support Fee

You will pay us a Training Assistance and Opening Support Fee of $20,000. This fee is due prior to being given access to our LMS training system and receiving your login credentials to the portal. This fee covers our provision of initial training, onboarding materials, operational guidance, and on-site or remote opening support.

Area Development Program

If you sign an Area Development Agreement ("ADA") and become an area developer, you will pay us the Initial Franchise Fee of $80,000 for your first franchise and a development fee ("Development Fee") based on the number of Businesses to be developed. The number of Businesses required by the Development Schedule will be determined by a number of factors, such as the size of the Development Area, the population of the Development Area, and your financial capacity and expertise in developing businesses. The Development Fee for each Business that you develop will be $40,000. You will be required to sign our then-current Franchise Agreement for each Business. The Development Fee is paid in a lump sum at the time the ADA is signed, is uniform to all developers currently acquiring development rights, is not refundable, and will not be credited against any other fees paid to us or our affiliates. The Development Fee for 3-5 outlets is $160,000 - $240,000.

Refundability of Initial Fees.

The initial fees discussed above are uniformly imposed, are fully earned when the franchise agreement is signed, and are non-refundable.

## ITEM 6. OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee[1] | 6% of Gross Revenue | Due monthly by the 10th of the month for the previous month | "Gross Revenue" means all of your revenue from operating the franchise, but excluding taxes collected from customers and paid to taxing authority, tips collected from customers and paid to employees, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Business in good faith gives to customers. FA 3.2. |
| National Advertising and Development Fund | 2% of Gross Revenue-<br><br>Beginning the 13th month of opening the business. | Due monthly by the 10th of the month for the previous month | These funds are used to promote the Brand and your franchise. FA 11.1 |
| Local Advertising | Minimum spend of $2,000 per month | Monthly | You are required to spend these sums on local advertising and promotions pursuant to our guidelines. FA 11.2. |
| Interest | Lesser of 1.5% per month or the highest commercial contract interest rate allowed by law | 15 days after billing | Due on all overdue amounts. FA 3.5. |
| National Franchise Convention Fee | $700 | As Incurred | Payable to us to attend our Annual Franchise Convention. FA 3.6. |
| Maintenance and Refurbishing of Business | You must reimburse our expenses | As incurred | If, after we notify you, you do not undertake efforts to correct deficiencies in outlet appearance, then we can undertake the repairs and you must reimburse us. FA 3.7. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Insufficient Funds | $75 | As incurred | Due if you have insufficient funds in your EDTA to cover a payment, or if you pay by check, a check is returned for insufficient funds. FA 3.8. |
| Relocation Assistance | Our actual cost | At time of assistance | If you need our assistance to relocate. FA 3.9. |
| POS and Software Fees | Up to a maximum of $700 per month | Monthly | These third-party vendors may change their fee structures over time. This currently includes a childcare management software, a merchant processor, QuickBooks Online Plus, an email marketing platform, a library and design tool, and Google Voice, for example. FA 3.10, 13.10 |
| Renewal Fee | $10,000 | At time of renewal | If we approve a renewal, you will be required, among other requirements, to pay a renewal fee in the amount of $10,000. FA 4.2.9. |
| Retraining Fee | $750 per trainee per day | At the time of retraining | Payable to us if your director does not pass initial training and we permit you to send a substitute manager to us for training. FA 8.3 |
| Additional Training or Assistance | $750 per day per person plus expenses for training at our location, and $750 per day per person plus expenses for training plus travel, lodging, and meal expenses incurred by our trainer for training at your location. | When training or assistance begins | We may charge you for training newly-hired personnel; for refresher training courses; for the conventions, seminars, conferences, and webinars; and for additional or special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging, and meal expenses. FA 8.4. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Audit Fee | Cost of inspection plus the amount of the underpayment plus interest from the date such amount was due until received by Franchisor, paid at the rate of the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law | Cost of inspection – at time of inspection;<br>Underpayment and interest – immediately. | Amounts beyond the underpayment are due if the audit or any other inspection reveals an underpayment of 2% or more. FA 12.6. |
| Product and Service Purchases | Actual amount incurred | As incurred | You must buy products and services from us, our affiliates, and designated and approved vendors whose items meet our standards and specifications. This includes pre-opening furniture, fixtures, and signage. We may permit you to buy from other suppliers to the industry. FA 13.1 |
| Testing of Products or Approval of new Suppliers | Not to exceed $1,000 | When billed | This covers the costs of testing new products or inspecting new suppliers you propose to us. FA 13.1.5. |
| Customer Service Fee | Actual amount of our cost or reimbursement | When billed | If you do not resolve a customer complaint or have operated outside of applicable rules and regulations, we may intervene and satisfy the customer. You agree to reimburse our costs in doing so. FA 13.8. |
| E-mail Maintenance Fee | Currently, $15/month per e-mail address. May increase this fee up to $50/month per e-mail. | Monthly | You agree to pay this fee to us for e-mail services. FA 13.11 |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Insurance | You must reimburse our costs | 15 days after billing | If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us. FA 15.5. |
| Transfer Fee | $10,000 | Before transfer completed | No charge if Franchise Agreement transferred to an entity you control. The amount of this fee is subject to applicable state law. FA 18.2(h). |
| De-Identification Reimbursement Fee | Actual costs incurred | As incurred | If you fail to de-identify upon termination or expiration of the Franchise Agreement, we may make such changes and you agree to reimburse any cost we incur to do so. FA 17.3. |
| Management Fee | $750 per person per day (plus other costs and expenses) | As incurred | Due when we (or a third party) manage your outlet after your managing owner's death or disability, or after your default or abandonment. FA 16.5, 18.6. |
| Cost of Enforcement | All costs, including reasonable attorneys' fees | Upon demand | You must reimburse us for all costs in enforcing obligations if we prevail. FA 22.4, 23.11; Sch 3. |
| Liquidated Damages – Default and Termination of Franchise | the greater of $50,000 or up to 24 months of rolling 12-month average of Royalty Fees and Brand Fund Contributions | Upon termination of the Franchise Agreement due to your default, in a lump sum | If your Franchise Agreement is terminated due to your default, you must pay us the average monthly Royalty Fee and Brand Fund Contribution payable by you for the 12 months prior to your default multiplied by the lesser of the 24 months or the number of months remaining in the term of your Franchise Agreement. |

Unless otherwise stated, all fees are uniformly imposed by, payable to, and collected by us. We mandate several fees for third-party services and it is your duty to pay such fees. All fees payable to us are non-refundable. Whether fees paid to third parties are refundable would depend on their policies.

NOTES

[1]Royalty Fee: The Royalty Fee begins immediately on the first month your Business is open for operation. The Royalty is due and payable monthly on the 10th day of each month, to be paid according to our specifications. Royalty and other fees shall be payable to us through ACH. See Schedule 5 of the Franchise Agreement. We reserve the right to change the time and manner of payment at any time upon written notice to you.

[2] "Gross Revenues" means all business revenue which the Franchisee accrues during the operation of the Franchise, but excluding taxes collected from customers and paid to any taxing authority, tips collected

from customers and paid to employees, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks given in good faith to customers.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

### A. FRANCHISE AGREEMENT

**Small School (1,000 – 3,000 square feet)**

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $80,000 | $80,000 | As arranged | Upon signing your Franchise Agreement | To us |
| Training Assistance and Opening Support Fee | $20,000 | $20,000 | As arranged | Prior to introduction to our LMS training system | To us |
| Site Development Assistance Fee | $20,000 | $20,000 | As arranged | On the day that the lease is signed or purchase agreement date | To us |
| Traveling and Living Expenses while Training[2] | $2,500 | $4,500 | As arranged | As incurred | Third parties |
| Real Property Rent and Security Deposits[3] | $20,000 | $25,000 | As arranged | As incurred | To your landlord |
| Leasehold Improvements[4] | $100,000 | $250,000 | As arranged | As incurred | Contractors |
| Furniture, Fixtures, and Décor[5] | $40,000 | $80,000 | As arranged | As incurred | Third parties |
| Equipment, TV, Cameras, and other Supplies[6] | $5,000 | $7,500 | As arranged | As incurred | Third parties |

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Signage[7] | $10,000 | $25,000 | As arranged | As incurred | Third parties |
| Marketing, Digital Advertising, and Grand Opening Advertising[8] | $12,000 | $12,000 | As arranged | On the day the lease is signed or the purchase agreement date if your state law permits. | Third parties |
| Curriculum | $12,385 | $12,385 | As arranged | As incurred | Third parties |
| Licenses, Permits, and Certifications[9] | $1,500 | $2,500 | As arranged | As incurred | Third parties |
| Insurance (3 Months)[10] | $1,500 | $2,500 | As arranged | As incurred | Insurance company |
| Professional Fees[11] | $3,500 | $4,500 | As arranged | As incurred | Attorneys/accountants |
| Additional Funds (3 months)[12] | $50,000 | $75,000 | As arranged | As incurred | Employees, suppliers, utilities, lessors, etc. |
| Total[13] | **$378,385** | **$620,385** | | | |

**Medium School (4,000 – 6,000 square feet)**

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $80,000 | $80,000 | As arranged | Upon signing your Franchise Agreement | To us |
| Training Assistance and | $20,000 | $20,000 | As arranged | Prior to introduction to our | To us |

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Opening Support Fee | | | | LMS training system | |
| Site Development Assistance Fee | $20,000 | $20,000 | As arranged | On the day that the lease is signed or purchase agreement date | To us |
| Traveling and Living Expenses while Training[2] | $2,500 | $4,500 | As arranged | As incurred | Third parties |
| Real Property Rent and Security Deposits[3] | $25,000 | $35,000 | As arranged | As incurred | To your landlord |
| Leasehold Improvements[4] | $400,000 | $1,300,000 | As arranged | As incurred | Contractors |
| Furniture, Fixtures, and Décor[5] | $120,000 | $150,000 | As arranged | As incurred | Third parties |
| Equipment, TV, Cameras, and other Supplies[6] | $8,000 | $12,000 | As arranged | As incurred | Third parties |
| Signage[7] | $35,000 | $50,000 | As arranged | As incurred | Third parties |
| Marketing, Digital Advertising, and Grand Opening Advertising[8] | $12,000 | $12,000 | As arranged | On the day the lease is signed or the purchase agreement date if your state law permits. | Third parties |
| Curriculum | $18,000 | $18,000 | As arranged | As incurred | Third parties |
| Licenses, Permits, and Certifications[9] | $1,500 | $2,500 | As arranged | As incurred | Third parties |
| Insurance (3 Months)[10] | $2,000 | $5,000 | As arranged | As incurred | Insurance company |

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Professional Fees[11] | $3,500 | $4,500 | As arranged | As incurred | Attorneys/accountants |
| Additional Funds (3 months)[12] | $80,000 | $110,000 | As arranged | As incurred | Employees, suppliers, utilities, lessors, etc. |
| Total[13] | **$827,500** | **$1,823,500** | | | |

**Large School (6,000 – 12,000 square feet)**

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| | Low | High | | | |
| Initial Franchise Fee[1] | $80,000 | $80,000 | As arranged | Upon signing your Franchise Agreement | To us |
| Training Assistance and Opening Support Fee | $20,000 | $20,000 | As arranged | Prior to introduction to our LMS training system | To us |
| Site Development Assistance Fee | $20,000 | $20,000 | As arranged | On the day that the lease is signed or purchase agreement date | To us |
| Traveling and Living Expenses while Training[2] | $2,500 | $4,500 | As arranged | As incurred | Third parties |
| Real Property Rent and Security Deposits[3] | $40,000 | $75,000 | As arranged | As incurred | To your landlord |
| Leasehold Improvements[4] | $600,000 | $3,000,000 | As arranged | As incurred | Contractors |
| Furniture, Fixtures, and Décor[5] | $160,000 | $300,000 | As arranged | As incurred | Third parties |

| Type of Expenditure | Estimated Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| Equipment, TV, Cameras, and other Supplies[6] | $13,000 | $30,000 | As arranged | As incurred | Third parties |
| Signage[7] | $35,000 | $65,000 | As arranged | As incurred | Third parties |
| Marketing, Digital Advertising, and Grand Opening Advertising[8] | $12,000 | $12,000 | As arranged | On the day the lease is signed or the purchase agreement date if your state law permits. | Third parties |
| Curriculum | $32,765 | $32,765 | As arranged | As incurred | Third parties |
| Licenses, Permits, and Certifications[9] | $1,500 | $2,500 | As arranged | As incurred | Third parties |
| Insurance (3 Months)[10] | $3,000 | $5,000 | As arranged | As incurred | Insurance company |
| Professional Fees[11] | $3,500 | $4,500 | As arranged | As incurred | Attorneys/accountants |
| Additional Funds (3 months)[12] | $125,000 | $175,000 | As arranged | As incurred | Employees, suppliers, utilities, lessors, etc. |
| Total[13] | **$1,148,265** | **$3,826,265** | | | |

NOTES APPLICABLE TO ALL TABLES:

[1]Initial Franchise Fee- The Initial Franchise Fee in the table above is for a single territory. All fees payable to us in the above table are non-refundable. Whether fees paid to third parties are refundable would depend on their policies.

[2]Travel and Living Expenses While Training- These are the estimated amounts for travel and living expenses while training. Your costs may vary.

[3]Real Property Rent and Security Deposits- We anticipate that you will rent the Business's premises. Real estate costs depend on location, size, visibility, economic conditions, accessibility, and competitive market conditions. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the potential cost of purchasing real estate.

Your franchised outlet would typically be located in-line in a strip center or comparable location.

[4]Leasehold Improvements- The cost of leasehold improvements depends upon the condition and size of the leasehold, the local cost of contract work, and the location of the Franchise. This amount will vary based on the condition of the existing leasehold and amount of additional work needed. Tenant improvement allowances, if any, paid to you may defray a portion of build-out costs. Currently, we estimate that you may receive between $40,000 to $240,00 for a small school model; $160,000 to $480,00 for a medium school model; and between $240,000 to $960,000 for a large school model in tenant improvement allowances. Each location may treat tenant improvement allowances differently and we cannot guarantee that you will receive these amounts in tenant improvements.

[5]Furniture, Fixtures, and Décor- These are the estimated amounts for the furniture, fixtures, and décor that you will need to begin operations, which will include desks, chairs, classroom furniture, cribs, and playground toys.

[6]Equipment, TV, Cameras, and other Supplies- This amount is for the equipment, TV, cameras, and other supplies needed to begin operations. These amounts include the computer hardware, software, and POS system that you must acquire per our specifications.

[7]Signage- The cost of signs may vary depending on the type, size, and location of the signs, and may also be affected by municipal restrictions.

[8]Marketing, Digital Advertising, Grand Opening Advertising- You must spend these sums to promote the opening of your Business pursuant to our specifications.

[9]Licenses, Permits, and Certifications- Estimated costs of obtaining required licenses and permits to operate your business. Some costs may vary depending on the location of the Franchised Business.

[10]Insurance- Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for the first three months for the required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

[11]Professional Fees- You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document, and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

[12]Additional Funds-3 Months. This is an estimate of expected other required expenses you may incur before operations begin and during the initial 3-month period of operation. We relied on our Affiliate experience in operating a business similar to the franchise business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. This estimate is for your miscellaneous expenses and Payroll. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your WorldKids School. We estimate that you will need a Center Director and two teachers to operate your outlet in its first year of operation.

[13]Total- We do not offer financing directly or indirectly for any part of the initial investment. All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

**B. AREA DEVELOPMENT AGREEMENT**

| Expenditure | Amount | | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|---|
| | **Low** | **High** | | | |
| Area Development Fee (Note 1) | $160,000 | $240,000 | Lump Sum | Upon entering into Area Development Agreement | Us |
| **TOTAL** | **$160,000** | **$240,000** | | | |

Note 1- The low-end comprises the Area Development Fee for the right to develop three WorldKids Schools, with of the initial franchise fee of $80,000 plus the $80,000 for the additional two outlets ($40,000 x 2). The high-end comprises the Area Development Fee for the right to develop five WorldKids Schools, of the initial franchise fee of $80,000 plus the $160,000 for the additional four outlets ($40,000 x 4). There is no additional initial investment for training, real property, equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, decorating costs, inventory, security deposits, utility deposits, business licenses, or other prepaid expenses required under the Development Agreement. You will incur costs for these and other expenses associated with developing and operating a School under the Franchise Agreement. Additionally, you will be required to pay the Site Assistance Fee and the training fee prior to training, you will incur costs for these with developing and operating a School under the Franchise Agreement.

The Area Development Fee ranges from $160,000 to $240,000 for three to five territories, as explained in Item 5 above. The Area Development Fee includes the Initial Franchise Fee on the first territory purchased under the Development Agreement and one-half the Initial Franchise Fee on additional territories. You pay the remaining one-half of the Initial Franchise Fee on additional territories at the time you enter into Franchise Agreements for such territories.

Other than the Development Fee, this figure does not include the costs associated with opening the first and subsequent locations, which will incur additional costs under the Franchise Agreements for such territories.

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## ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**The Goods or Services Required to be Purchased or Leased:**

Advertising and Marketing

You must use advertising material from us, a vendor that we designate, or we must approve the advertising in writing, prior to its use.

Computers and Software

You must purchase computer hardware and software designated by us. You will set up, maintain and utilize e-mail capability with an e-mail service designated by us for the purposes of receiving electronic correspondence from us, other franchisees and your customers.

Furniture, Fixtures, and Equipment

You must purchase furniture, fixtures, and equipment from a vendor that we designate or subject to our specifications.

Extracurricular Vendors

You must obtain a minimum of two extracurricular vendors that have been approved by us and meet our specific requirements.

Supplies

You must purchase supplies from approved suppliers that we designate or pursuant to our specifications.

Insurance

You are required to obtain the requisite insurance as set forth below:

| | | |
|---|---|---|
| General Liability Insurance | $1,000,000 | Per Occurrence |
| | $2,000,000 | In the Aggregate |
| Business Property Insurance | $50,000 (or more depending on the value of your business property) | Per Occurrence |
| Abuse & Molestation | $1,000,000 | Per Occurrence |
| Worker's Compensation | As required by law | Per Employee |
| Cyber Liability | $1,000,000 | Per Occurrence |
| Employer Practices Liability | $1,000,000 | In Aggregate |

Leased Location

You will need a site in which to operate the franchise. We furnish site selection guidelines. We require you to send to us any proposed lease and information as required by us to evaluate the site for our approval before you sign the lease. You may lease from any landlord.

Leasehold Improvements

You may purchase leasehold improvements from any supplier but must build out your location according to our specifications.

Signage

You must purchase signage according to our specifications.

**Whether we or our Affiliates are Approved Suppliers:**

We are currently an approved supplier of advertising material, but not the only approved supplier of such items.

Our affiliate is not currently an approved supplier of goods or services to franchisees.

**Officer Interests in Suppliers:**

Our officer, Nicole Chaudry, owns an interest in us.

**Alternative Suppliers:**

We do not maintain written criteria for approving suppliers and thus these criteria are not available to you or your proposed supplier. We do permit you to contract with alternative suppliers if approved by us and they meet our criteria. We charge any costs incurred, up to $1,000, to test another supplier that you propose. If you wish to propose to us another supplier, you may submit the proposed supplier that you wish for us to consider in writing. Your request must include sufficient specifications, photographs, drawings and other information and samples to enable us to determine whether supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. We will examine the quality of the items and the supplier's ability to supply a sufficient quantity in a timely way with good customer service to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within 30 days if we approve or disapprove of an alternative supplier. If we revoke approval for a supplier, we will provide written notice to you.

**Issuance and Modification of Specifications:**

We issue specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

**Revenue from Required Purchases:**

We may, but do not currently, derive revenue or other material consideration from required purchases or leases by you. Our affiliate does not earn revenue or other material consideration from required franchisee purchases or leases.

In our last fiscal year ending December 31, 2025, we did not earn revenue or other material consideration from required purchases or leases by franchisees.

**Required Purchases as a Proportion of Costs:**

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

**Supplier Payments to Us:**

Designated suppliers may make payments to us from franchisee purchases.

In the fiscal year ended December 31, 2025, we did not yet receive any supplier rebates but may do so in the future.

**Purchasing or Distribution Cooperatives:**

At this time, we do not have any purchasing or distribution cooperatives.

**Purchase Arrangements:**

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees.

**Material Benefits:**

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

[remainder of page intentionally left blank]

## ITEM 9. FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.**

| Franchisee's Obligations | Section in Franchise Agreement | Section in Area Development Agreement | Item in Disclosure |
|---|---|---|---|
| a. Site selection and acquisition/lease | 2 and 5 | 3 | 11, 12 |
| b. Pre-opening purchases/leases | 5, 13, and 15 | 3 | 7, 8, 11 |
| c. Site development and other pre-opening requirements | 2, 3, 5, 8, and 10 | 3 | 11 |
| d. Initial and ongoing training | 8 | Not Applicable | 11 |
| e. Opening | 4, 5, 11, and 13 | 3 | 11 |
| f. Fees | 3, 4, 8, 10, 11, 12, 13, 15, 18, 21, 22, and 23 | 2, 4 | 5, 6, 7, 8, 11 |
| g. Compliance with standards and policies/operating manual | 6, 7, 9, 10, and 13 | Not Applicable | 8, 11, 14, 16 |
| h. Trademarks and proprietary information | 6, 7, and 9 | Not Applicable | 13, 14 |
| i. Restrictions on products/ services offered | 6 and 13 | Not Applicable | 8, 16 |
| j. Warranty and customer service requirements | 13 | Not Applicable | 16 |
| k. Territorial development and sales quotas | Not Applicable | 3 | 12 |
| l. Ongoing product/service purchases | 13 | Not Applicable | 8, 11 |
| m. Maintenance, appearance & remodeling requirements | 3, 10, and 13 | Not Applicable | 6 |
| n. Insurance | 15 | Not Applicable | 6, 7, 8 |
| o. Advertising | 11 | Not Applicable | 6, 7, 8, 11 |
| p. Indemnification | 21 | Not Applicable | 6 |

| Franchisee's Obligations | Section in Franchise Agreement | Section in Area Development Agreement | Item in Disclosure |
|---|---|---|---|
| q. Owner's participation/ management/staffing | 8 and 13 | Not Applicable | 15 |
| r. Records and reports | 12 | Not Applicable | 11 |
| s. Inspections and Audits | 6 and 12 | Not Applicable | 6, 11, 13 |
| t. Transfer | 18 and 19; Schedule 1 | Not Applicable | 6, 17 |
| u. Renewal | 4; Schedule 1 | Not Applicable | 17 |
| v. Post-termination obligations | 17, Schedule 2 | Not Applicable | 17 |
| w. Non-competition covenants | 7, 9, and 17; Schedule 2 | Not Applicable | 17 |
| x. Dispute resolution | 23, Schedules 2, 3 | Not Applicable | 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.**

1. Before you open your Franchised Business, we will:

a. Provide an initial training program. This training does not include any professional licenses, certification, or other training you must possess and/or complete before you can operate the Franchised Business. (Section 8.1 of the Franchise Agreement).

b. Provide to you opening assistance and guidance to assist you with any questions you may have in operating and establishing the Franchised Business. (Section 8.2 of the Franchise Agreement).

c. Provide to you, on loan, one copy of our Operations Manual or provide you with access to an electronic copy of the Operations Manual. The Table of Contents of the Operations Manual, along with number of pages devoted to each section, is included as Exhibit C to this Disclosure Document. (Section 9.1 of the Franchise Agreement). The Operations Manual contains a total of 65 pages.

d. Provide assistance and guidance in establishing prices for products and services. (Section 9 of the Franchise Agreement).

e. We provide assistance with obtaining equipment, signs, fixtures, opening inventory, and supplies. We provide specifications or a list of approved suppliers for these items. We do not deliver or install these items. (Section 13.2 of the Franchise Agreement).

f. We provide limited assistance to help you or your contractor conform the premises to local ordinances and building codes and obtain any required permits. We provide limited assistance to help you or your contractor construct, remodel, or decorate the premises. (Section 9.1 of the Franchise Agreement).

g. We provide assistance in the type and number of employees that should be hired. However, you are solely responsible for hiring, firing, compensating, paying applicable payroll taxes and day-to-day supervision and control over your employees. (Section 9.1 of the Franchise Agreement).

2. After the opening of the Franchised Business, we will:

a. Offer you advice, discuss problems, and offer general guidance by telephone and/or electronic correspondence, with respect to planning and operating the Franchised Business. (Section 14.1 of the Franchise Agreement).

b. Make available to you ongoing training as we think necessary. (Section 8.4 of the Franchise Agreement).

c. Provide you with modifications to the Operations Manual as they are made available to franchisees. (Section 9.2 of the Franchise Agreement).

Except as expressly disclosed in this Item, we have no obligation to develop products or services you will offer to your customers, hire, or train your employees, improve, and/or develop your franchised business, resolve operational problems encountered by you, or establish: (a) prices, or (b) administrative, bookkeeping, accounting, or inventory control procedures.

3. Advertising and Promotion:

a. Local and Grand Opening Advertising. You must spend a minimum of $2,000 per month on local advertising pursuant to our guidelines. You agree to spend a minimum of $12,000 on Advertising Marketing, Digital Advertising, and Grand Opening to promote the opening of your business, pursuant to our guidelines. (Section 11.2 of the Franchise Agreement).

b. Advertising Fund. You agree to pay us each month a National Advertising and Development Fund Fee of 2% of your Gross Revenues from the prior month. We may use these fees to conduct advertising using online, radio, television, direct mail, billboards, print or other advertising. We may use local, regional, or national advertising. We may produce advertising material in-house or through outside agencies. We are not required to spend any amount on advertising in the area or territory where you will be located.

Franchisor-owned outlets are not required to contribute to the Advertising Fund. We administer the Fund. The fund is not audited. But you may request in writing an unaudited financial statement of how the fund was used in the prior fiscal year.

If not all advertising funds are spent in the fiscal year in which they accrue, we will carry them over to apply in future years.

No advertising fund fees may be principally used to solicit new franchise sales. (Section 11.1 of the Franchise Agreement).

In our last fiscal year ending December 31, 2025, we did not raise or spend any Advertising Fund Fees.

c. Use of Your Own Advertising Material. You may use your own advertising materials provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law. (Section 11.2 of the Franchise Agreement).

d. Advertising Council and Advertising Cooperatives. We do not have an advertising council composed of franchisees that advise us on advertising policies at this time, but reserve the right to form one in the future. We do not require you to participate in a local or regional advertising cooperative. (Section 11.3 of the Franchise Agreement).

e. You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website that provides information about the System and our franchises. All information posted on our website or any linked webpages must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, our website. You are not permitted to use a domain name containing our marks in the URL. (Section 11.4 of the Franchise Agreement).

4. Computer Systems:

You must purchase and use any hardware and software programs we designate. (Section 12.5 of the Franchise Agreement). Presently, we require you to purchase the following hardware and software:

| **Hardware** |
|---|
| 1 desktop or laptop computer with internet access and a printer/ copier/ scanner; one iPad per classroom (usually 5-12; leased), one for the lobby, and the security hardware. |
| **Software** |
| Procare/ Tuition Express, Quickbooks Online, email marketing platform, library and design tool, and Google Voice. |

The approximate cost of the hardware and software ranges from $5,000 to $30,000.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You must maintain your computer systems in good working order and must replace, update, or upgrade your hardware systems as we require. There is no contractual

limitation on the frequency or cost of such maintenance duties. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is approximately $500.

**Independent Access to Information.** We have, and you are required to provide, independent access to the information that will be generated or stored in your computer systems, which includes, but not limited to, customer, transaction, and operational information. You also must provide to us 24-hour access to any video surveillance video stream via approved equipment. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. There are no contractual restrictions on our right to access your data. (Section 12.6 of the Franchise Agreement).

5. Site Selection

We provide site selection criteria to you to assist you in locating a site for the Franchised Business. We do not generally own the premises and lease it to you. We consider the following factors when reviewing a proposed site: (i) residential population, (ii) income levels, (iii) demographics, (iv) competition, (v) visibility, (vi) proximity to other franchised or affiliate locations, (vii) accessibility, (viii) traffic, (ix) size, (x) condition and character, (xi) parking, and (xii) available signage. (Franchise Agreement, Section 8.2).

You must secure a location for the Business within 90 days of the signing of the Franchise Agreement; this includes the requirement of obtaining our approval for your selected location. We will generally approve or deny your selected location within 10 days, but we maintain the right to take additional time if circumstances demand it. In addition, you must sign the lease or otherwise secure the legal right to occupy the location, meeting all the state and local specifications, within 15 days following our approval of such location. If you and we do not agree on a selected site in the permitted time, we can allow you more time or terminate the Franchise Agreement.

For franchisees under Area Development Agreements, we use the same site selection assistance procedures and timing for each additional unit franchise agreement you enter into with us as part of the Area Development Agreement.

6. Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Lease and the opening of the franchise is approximately 180-240 days. Factors that may affect your beginning operations include the ability to secure permits, perform the buildout, obtain and install furniture, fixtures, and equipment, and hire and train employees. You must open your franchised business and be operational within 18 months from executing the Franchise Agreement. Nonetheless, we reserve the right to grant extensions to the Time Before Operations period at our sole and absolute discretion, we are in no way obligated to consider such extensions in any case. (Section 5.4 of the Franchise Agreement).

7. Training

We provide you with an initial training program before you commence operations, covering the areas identified in the below table. Up to 2 employees of your choosing may also attend at your option for the training fee. The time frames provided in the chart are estimates of the time it will take to complete training. You must pay for all travel costs and living expenses for yourself and any of your attendees. If you replace your helper s/he must attend our training program. You will be charged for

additional training, as provided for in Item 6. Your franchised business must at all times either be under your day-to-day supervision as the Owner/Operator, or by an approved manager who has satisfactorily completed our training program. Additional training shall be at a cost of $750 per person per day if at our location, or $750 per person per day if the training is at your location (plus costs of travel, air fare and incidentals). (Sections 8.1, 8.3, and 8.4 of the Franchise Agreement).

## TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Introduction to WorldKids School | 3 hours | 3 hours | Note 1 |
| Understanding WorldKids School & its Services | 3 hours | 3 hours | |
| Permits, Code Compliance, and Safety | 5 hours | 5 hours | |
| Billing and Collections Procedures | 3 hours | 3 hours | |
| Regulatory Compliance | 5 hours | 5 hours | |
| Financial Best Practices | 3 hours | 3 hours | |
| Do's and Don'ts | 5 hours | 5 hours | |
| Marketing and Advertising | 3 hours | 3 hours | |
| **Totals** | **30 Hours** | **30 Hours** | |

Note 1- Training Location- This training is offered on an as needed basis at our affiliate outlet in Seattle, WA or another training center that we designate.

All persons attending the initial training program must complete the program to our satisfaction, which means that we feel you sufficiently grasp the material taught to be able to competently run a

franchised outlet. If you cannot complete the program to our satisfaction, we may terminate the Franchise Agreement. (Sections 8.1 and 8.3 of the Franchise Agreement).

The following Instructor teaches our initial training program: Nicole Chaudry. We describe the nature of the Instructor's experience in Item 2 above.

We set forth the length of the Instructor's experience in the industry and with the franchisor below:

| Instructor | Years of Experience in the Field | Years of Experience with the Franchisor* |
|---|---|---|
| Nicole Chaudry | 11 | 11 |

*Includes years of experience with any of our affiliates.

The principal instructional materials will consist of the Operations Manual.

From time to time, we may provide and if we do, have the right to require that you attend ongoing training programs, seminars, or webinars during the term of this Agreement, at your expense of $750 per person per day if ongoing training is at our location, or $750 per person per day (plus hotel, air fare and other expenses incurred by our trainer) if ongoing training is at Franchisee's location. We will not require you to attend more than two (2) sessions in any calendar year. You will be responsible for all travel costs, room and board and employees' salaries incurred in connection with its attendance at such training. (Section 8.4 of the Franchise Agreement).

## ITEM 12. TERRITORY

You will be given a search area for your site, consisting of street boundaries, municipal lines, or railroad tracks before a protected territory is identified. Once a site is accepted, an exclusive territory will be identified around the franchised business location based on area density, demographics and a population that is typically 200,000 or a 5-Mile radius, whichever is greater.

The territory will be for a specific geographic region that we define and approve by radius, zip codes, natural, or political boundaries as set forth in the Franchise Agreement.

A territory will normally include a 5-mile radius around your outlet, but we do not specify a minimum size because some areas are very densely populated and could support outlets in closer proximity to each other than a moderately dense area, like a typical suburban location.

We may approve relocation of the franchised business if we feel that conditions have changed such that a relocation represents a sound business decision.

We would not normally grant to you approval to open an additional outlet within your territory, but may grant you additional franchise territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another territory.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You will receive a protected territory, meaning a geographic area within which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise territory, even if there is a population increase in your territory.

We or an affiliate reserves the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept sales within your territory using our principal trademarks, however, we would normally direct inquiries for services from within your territory to your outlet.

We or an affiliate also reserves the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory of products or services under trademarks different from the ones that you will use under the franchise agreement.

We are not obligated to pay compensation to you for soliciting or accepting orders from inside your territory.

You and other franchisees may not solicit (but may accept) orders from consumers outside of your territory, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, but you may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your territory. We also reserve the right to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one territory, yet work in another, and other cross-territorial situations. You agree to abide by any such cross-territorial protocols.

Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

**Area Developers**:

Under the Area Development Agreement (the "ADA"), you will develop, open and operate multiple outlets within a defined Development Area (the "Development Area"). We determine the Development Area using the same criteria that we use in deciding the Territory for a Business.

You will receive a protected territory, meaning a geographic area within which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks.

When you seek to open further outlets under the ADA, we apply our then current site selection criteria to approve or disapprove of such outlets.

Your ADA will contain a Development Schedule. If you do not meet the Development Schedule, we may terminate your rights to open future territories under the ADA, but may not terminate franchise agreements already in place.

## ITEM 13. TRADEMARKS

The franchise agreement licenses to you the right to use the following principal trademarks ("Marks") registered or applied for with the U.S. Patent and Trademark Office ("USPTO"):

| Description of Mark | Serial or Registration Number | Principal or Supplemental Register of the USPTO | Registration Date |
|---|---|---|---|
| | 7425277 | Principal | June 25, 2024 |
| WORLDKIDS SCHOOL | 7425275 | Principal | June 25, 2024 |
| WORLDKIDS | 7425274 | Principal | June 25, 2024 |

We have filed all required affidavits and renewals.

WorldKids Academy, LLC, a Washington State Limited Liability Company, owns the trademarks listed in the chart above and licenses them to us pursuant to a written License Agreement dated March 26, 2025. The License Agreement is perpetual in duration and may be terminated upon a material breach not remedied after 30 days' written notice. If the License Agreement were terminated, you will still have rights to use the trademarks licensed to us under the License Agreement so long as you continue to have an active Franchise Agreement. There are no other currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You must immediately notify us in writing when you learn about any claim of infringement, unfair competition, or similar claims about the Marks. You must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so.

However, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised business for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

## ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. We own copyrights in the Operations Manual, our website, our marketing materials, training manuals or videos, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We do not have an obligation to protect the copyrights or to defend you against claims arising from your use of the copyrighted items. You must notify us if any claim for copyright infringement is brought against you over materials in which we claim a copyright. We have the right to control litigation over our copyrights. We are not required to participate in your defense or indemnify you for expenses and damages in a proceeding involving a copyright licensed to you. Your rights in the franchise agreement would continue if we require you to modify or discontinue using the subject matter covered by the copyright.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a WorldKids School Business. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and/or other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders, officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed without additional compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

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

Either the Franchisee or its on-site Designated Manager must devote sufficient efforts to the management of the day-to-day operations of the Franchised Business, but not less than forty (40) hours per week. While you have the right to select any Designated Manager, we retain the right to accept or reject any proposed individual or entity as the Designated Manager. You will be responsible for the compensation to any individual or entity you contract to act as the Designated Manager of the Business. You have the sole legal responsibility for any dispute relating to such individual or entity. We maintain the right to require any approved Designated Manager to attend and satisfactorily complete our initial training program before opening the Business. You must keep us informed at all times of the identity of your Designated Manager. If you must replace the Designated Manager, your replacement Manager must be approved by us within 60 days, such approval not to be unreasonably withheld – we may additionally require such replacement Designated Manager to attend and complete our training program at your expense. If the Franchisee is an entity, its Designated Manager is not required to own an equity interest in the Franchisee.

As described in ITEM 14, certain individuals associated with your Franchised Business, including your owners, officers, directors, partners, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest (and their spouses) in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

## ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all the services and products we specify. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove of. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so, except that your investment required to change required or authorized products or services will not be unreasonably disproportionate to your initial investment.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

Business Hours: Our outlets are normally open Monday – Friday 7 a.m. – 6 p.m. except for federal holidays, staff training days, and other pre-determined or weather related closures, like snow days.

## ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of Franchise Term | FA: Section 4.1<br>ADA: Section 3 | FA: The initial term is 10 years.<br>ADA: Term is the date the last Location is required to be opened according to the Development Schedule. |
| b. Renewal or Extension of Term | FA: Section 4.2 | You have the right to renew for additional ten (10) year terms by entering into a then current franchise agreement with us, which may contain materially different terms and conditions than your original franchise agreement. You must pay the renewal fee. If you do not meet the conditions, we may refuse to renew or extend the terms of your Franchise Agreement. |
| c. Requirements for Franchisee to Renew or Extend | FA: Section 4.2 | You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us or any of our affiliates; are not in default of any provision of the Franchise Agreement or any |

| | | |
|---|---|---|
| | | other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, with materially different terms and conditions than your original Franchise Agreement; comply with current qualifications and agree to comply with any training requirements; sign a general release (subject to applicable state law) in a form we proscribe, and pay a renewal fee. |
| d. Termination by you | FA: Section 16.1 | You may terminate the Franchise Agreement upon (1) our mutual agreement; (2) non-renewal; (3) a sale pursuant to the terms of this Agreement; or (4) under any ground permitted by law.<br>ADA: You may terminate upon any ground permitted by law |
| e. Termination by Franchisor without Cause | Not Applicable | Not Applicable |
| f. Termination by Franchisor with Cause | FA: Section 16.2<br>ADA: Section 4 | FA: We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.<br>ADA: We may terminate the ADA if you default. |
| g. "Cause" Defined – Curable Defaults | FA: Section 16.2.2<br>ADA: Section 4 | FA: If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults that require cure in a shorter time and non-curable defaults. If a default arises from your failure to maintain insurance, you can avoid termination of the |

| | | |
|---|---|---|
| | | Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.<br>ADA: You have a 30-day cure period if you are in default of the ADA. |
| h. "Cause" Defined – Non-Curable Defaults | FA: Section 16.2.1<br>ADA: Section 4 | We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of the franchised business; fail to satisfactorily complete training; fail to maintain all required professional licenses, permits and certifications for more than 5 business days; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect either party or the Franchised Business; use the Operations Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners, officers, directors, managers, other executives, employees and professional staff, and other individuals |

| | | |
|---|---|---|
| | | having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-compete agreements; abandon the Franchised Business for 5 or more consecutive days; surrender or transfer control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager following your death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 2%; are insolvent; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the franchise agreement or comply with specifications; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement. However, we may not terminate franchise agreements already in place solely for a breach of the ADA. |

| | | |
|---|---|---|
| | | ADA: The ADA terminates when no franchise agreement is in place between the parties, or if you breach the Development Schedule. |
| i. Franchisee's Obligations on Termination/Non-Renewal | FA: Section 17.1 | If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. |
| j. Assignment of Contract by Franchisor | FA: Section 18.1 | There are no restrictions on our right to assign our interest in the Franchise Agreement. |
| k. "Transfer" by Franchisee – Definition | FA: Section 18.2 | "Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or the Franchised Business' assets. |
| l. Franchisor's Approval of Transfer by Franchisee | FA: Section 18.2 | You may not transfer your interest in any of the items listed in (k) above without our prior written consent. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the requirements in FA Section 18.2 (a)-(m). |
| m. Conditions for Franchisor Approval of Transfer | FA: Section 18.2 | We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release (subject to applicable state law) in a form we proscribe; |

| | | |
|---|---|---|
| | | the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that it will complete the initial training program before assuming management of the franchised business. |
| n. Franchisor's Right of First Refusal to Acquire Franchisee's Franchised Business | FA: Section 19 | We may match an offer for your Franchised Business or an ownership interest you propose to sell. |
| o. Franchisor's Option to Purchase Franchisee's Franchised Business | FA: Section 17.4 | Except as described in (n) above, we do not have the right to purchase your franchised business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised business for book value.<br><br>Subject to applicable state law. |
| p. Death or disability of Franchisee | FA: Section 18.6 | After the death or incapacity of an owner of the franchise, his or her representative must transfer, |

| | | |
|---|---|---|
| | | subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement. |
| q. Non-Competition Covenants During the Term of the Franchise | FA: Section 7.3 | You, your owners, and your officers, directors, executives, managers, professional staff, and employees are prohibited from: attempting to divert any business or customer of the Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business. |
| r. Non-Competition Covenants After the Franchise is Terminated or Expires | FA: Section 17.2 | For 2 years after the termination or expiration of the Franchise Agreement, you may not offer competitive business services within 25 miles of any other franchised outlet, or of any other Franchisor owned business; or solicit or influence any of our customers or business associates to compete with us or terminate their relationship with us. Subject to applicable state law. |
| s. Modification of the Agreement | FA: Sections 9.2, 22.7, and 22.8 | The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights. |
| t. Integration/Merger Clause | FA: Section 22.7 | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the Franchise Agreement, or in any other related written agreement is intended to disclaim |

| | | |
|---|---|---|
| | | representations made in the franchise disclosure document. |
| u. Dispute Resolution by Arbitration or Mediation | FA: Section 23.9; Schedules 2 and 3 | You must mediate and arbitrate claims against us (subject to applicable state law). |
| v. Choice of Forum | FA: Section 23.2; Schedules 2 and 3 | Any mediation, litigation or arbitration must be pursued where our headquarters are located (subject to applicable state law). |
| w. Choice of Law | FA: Section 23.1; Schedules 2 and 3 | Except as to claims governed by federal law, the law of the state where we are headquartered applies (subject to applicable state law). |

## ITEM 18. PUBLIC FIGURES

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

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

**FPR #1- 2025 Company Store Historic Financial Performance Representation**

As of December 31, 2025, we had 10 affiliate company store outlets. Eight (8) of the outlets operated for the entire 2025 calendar year and two (2) outlets opened partway through the year. Below, we set forth the 2025 Gross Revenues and operating expenses of all eight (8) affiliated company store outlets that operated for the entirety of 2025.

TABLE 1

| Unit 1 | | | Unit 2 | | | Unit 3 | | |
|---|---|---|---|---|---|---|---|---|
| **Gross Revenue** | $1,366,698 | | **Gross Revenue** | $2,587,493 | | **Gross Revenue** | $4,301,751 | |
| | | | | | | | | |
| Payroll | $645,084 | 47% | Payroll | $1,153,853 | 45% | Payroll | $2,078,308 | 44% |
| Occupancy | $149,566 | 11% | Occupancy | $282,162 | 11% | Occupancy | $650,778 | 15% |
| Misc. Items | $193,314 | 14% | Misc. Items | $391,789 | 15% | Misc. Items | $662,621 | 15% |
| **Total Expenses** | $987,963 | | **Total Expenses** | $1,827,813 | | **Total Expenses** | $3,759,847 | |
| | | | | | | | | |
| **EBITDA** | $374,203 | 38% | **EBITDA** | $750,365 | 41% | **EBITDA** | $895,870 | 26% |

| Unit 4 | | |
|---|---|---|
| **Gross Revenue** | $680,860 | |
| | | |
| Payroll | $300,393 | 44% |
| Occupancy | $122,394 | 18% |
| Misc. Items | $117,825 | 17% |
| **Total Expenses** | $540,612 | |
| | | |
| **EBITDA** | $137,005 | 25% |

| Unit 5 | | |
|---|---|---|
| **Gross Revenue** | $537,307 | |
| | | |
| Payroll | $250,886 | 47% |
| Occupancy | $102,750 | 19% |
| Misc. Items | $85,695 | 16% |
| **Total Expenses** | $439,331 | |
| | | |
| **EBITDA** | $96,713 | 22% |

| Unit 6 | | |
|---|---|---|
| **Gross Revenue** | $810,497 | |
| | | |
| Payroll | $417,289 | 51% |
| Occupancy | $161,715 | 20% |
| Misc. Items | $131,534 | 16% |
| **Total Expenses** | $710,538 | |
| | | |
| **EBITDA** | $98,136 | 14% |

| Unit 7 | | |
|---|---|---|
| **Gross Revenue** | $1,133,081 | |
| | | |
| Payroll | $481,116 | 42% |
| Occupancy | $124,819 | 11% |
| Misc. Items | $162,825 | 14% |
| **Total Expenses** | $768,760 | |
| | | |
| **EBITDA** | $362,249 | 47% |

| Unit 8 | | |
|---|---|---|
| **Gross Revenue** | $3,947,909 | |
| | | |
| Payroll | $1,898,899 | 48% |
| Occupancy | $469.741 | 12% |
| Misc. Items | $670,369 | 17% |
| **Total Expenses** | $3,039,010 | |
| | | |
| **EBITDA** | $895,552 | 29% |

| **2025 ADDITIONAL EXPENSES FOR FRANCHISED SHCOOLS BASED ON THE AVERAGE NET REVENUES ABOVE** | |
|---|---|
| Royalty Fees | 6% |
| Brand Fund Contributions | 0% for the first 12 months, then 2% |

**Notes Applicable to All Tables:**

Material financial and operational differences between the affiliated company outlet and a franchised outlet: There are operational differences between the company outlets whose results are reported in the table above and a franchised outlet that you would operate.

**Gross Revenue** means all of your revenue from operating the franchise, but excluding taxes collected from customers and paid to taxing authority, tips collected from customers and paid to employees, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Business in good faith gives to customers.

**Occupancy** means rent expenses and real estate taxes.

**Total Expenses** means the totals shown above, not all expenses that you may incur. In addition, there are financial differences. A franchised outlet would incur Royalties (6% of Gross Revenues), the Brand Fund (0% for the first 12 months and then 2% of Gross Revenues thereafter), and a Local Advertising spend requirement of a minimum of $2,000 per month (which we have included in the Misc. Items expense category above. We have not included Royalties or Brand Fund contributions in our expense above since our corporate locations do not incur those costs. You may be responsible for additional expenses not identified above in addition.

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will

incur in operating your franchised business. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

Written substantiation for this financial performance representation is available to you upon reasonable written request.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by Nicole Chaudry, 6523 California Avenue SW, Seattle, WA 98136, 206-853-2178; the Federal Trade Commission; and the appropriate state regulatory agencies.

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## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2023 TO 2025

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 |
| Company-Owned | 2023 | 5 | 6 | +1 |
| | 2024 | 6 | 8 | +2 |
| | 2025 | 8 | 10 | +2 |
| **Total Outlets** | 2023 | 5 | 6 | +1 |
| | 2024 | 6 | 8 | +2 |
| | 2025 | 8 | 10 | +2 |

TABLE 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2023 TO 2025

| State | Year | Number of Transfers |
|---|---|---|
| All States | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| **Total** | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |

TABLE 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2023 TO 2025

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| All States | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2023 TO 2025*

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|---|---|---|---|---|---|---|---|
| Washington | 2023 | 5 | 1 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 2 | 0 | 0 | 0 | 8 |
| | 2025 | 8 | 2 | 0 | 0 | 0 | 10 |
| **Total** | 2023 | 5 | 1 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 2 | 0 | 0 | 0 | 8 |
| | 2025 | 8 | 2 | 0 | 0 | 0 | 10 |

*Company-Owned refers to outlets run by our Affiliates.

TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

| State | Franchise Agreements Signed But Outlet Not Open | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| California | 2 | 0 | 0 |
| North Carolina | 2 | 0 | 0 |
| Washington | 3 | 0 | 0 |
| **TOTALS** | 7 | 0 | 0 |

Exhibit F-1 contains a list of the names of all current franchisees and the address and telephone number of each of their outlets.

Exhibit F-2 contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three 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 are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

## ITEM 21. FINANCIAL STATEMENTS

Exhibit E contains our audited financial statements as of December 31, 2025, December 31, 2024, and September 19, 2024. We have not been in business for three years and so we cannot include all financial statements required by the FTC Franchise Rule. Our fiscal year end is December 31.

## ITEM 22. CONTRACTS

The following contracts are attached to this Disclosure Document:

Exhibit B FRANCHISE AGREEMENT
- Schedule 1-General Release
- Schedule 2-Nondisclosure and Non-Competition Agreement
- Schedule 3-Unlimited Guaranty and Assumption of Obligations
- Schedule 4-Lease Addendum
- Schedule 5-ACH Payment Agreement
- Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors

Exhibit D AREA DEVELOPMENT AGREEMENT
- Appendix A-Development Territory
- Appendix B-Development Schedule

Exhibit G FRANCHISEE DISCLOSURE QUESTIONNAIRE

## ITEM 23. RECEIPTS

Exhibit J contains our copy and your copy of the Disclosure Document Receipts.

## EXHIBIT A TO THE DISCLOSURE DOCUMENT
## AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

| State | State Agency | Agent for Service of Process |
|---|---|---|
| CALIFORNIA | Commissioner of the Department of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677) | Commissioner of the Department of Financial Protection and Innovation |
| CONNECTICUT | State of Connecticut<br>Department of Banking<br>Securities & Business Investments Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>(860) 240-8230 | Banking Commissioner |
| HAWAII | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |

| State | State Agency | Agent for Service of Process |
|---|---|---|
| MINNESOTA | Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Minnesota Commissioner of Commerce |
| NEW YORK | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8222 Phone | Attention: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |
| NORTH DAKOTA | North Dakota Insurance & Securities Department<br>600 East Boulevard Avenue, Dept. 401<br>Bismarck, North Dakota 58505<br>Phone 701-328-2910 | North Dakota Insurance & Securities Commissioner |
| OREGON | Department of Consumer and Business Services<br>Division of Finance and Corporate Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4387 | Director of the Department of Consumer and Business Services |
| RHODE ISLAND | Department of Business Regulation<br>Division of Securities<br>1511 Pontiac Avenue, Building 69-1<br>Cranston, RI 02920<br>(401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | Director of Insurance-Securities Regulation |
| VIRGINIA | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 | Director of Washington Financial Institutions<br>Securities Division<br>150 Israel Road, SW<br>Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 | Commissioner of Securities of Wisconsin |

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**
**WKAF LLC**

# WORLDKIDS SCHOOL

# FRANCHISE AGREEMENT

# WKAF LLC
# FRANCHISE AGREEMENT

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Schedule 4-Lease Addendum
Schedule 5-ACH Payment Agreement
Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors

This Franchise Agreement dated _____, is by and between WKAF LLC ("Franchisor," "we," "us," or "our") and _____, an individual/partnership/corporation/limited liability company established in the State of _____ and whose principal address is _____ _____ ("Franchisee," "you," or "your").

## RECITALS

WHEREAS, Franchisor has developed, and is in the process of further developing, a System identified by the service mark "WorldKids School" and relating to the establishment and operation of a learning center offering immersion classes in Spanish and Mandarin for children ranging from ages 2 months to 6 years old; and

WHEREAS, in addition to the service mark "WorldKids School" and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies and techniques; and Trade Secrets and other Confidential Information; and the Operations Manual; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a WorldKids School Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate a WorldKids School Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

## 1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

"**Affiliate**" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"**Agreement**" means this Franchise Agreement and all instruments supplemental hereto or in amendment or confirmation hereof;

"**Competitive Business**" means any business that offers services the same as or similar to those provided by WorldKids School businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

"**Confidential Information**" means technical and non-technical information used in or related to the WorldKids School Franchise and not commonly known by or available to the public, including, without

limitation, Trade Secrets, methods and products, customer services techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure per this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"**Effective Date**" means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

"**Electronic Depository Transfer Account**" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

"**Franchise**" means the right granted to Franchisee by Franchisor to use the System and the Marks;

"**Franchised Business**" means the WorldKids School Business to be established and operated by Franchisee per this Agreement;

"**Franchisee**" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"**Gross Revenues**" means all business revenue which the Franchisee accrues during the operation of the Franchise, but excluding taxes collected from customers and paid to any taxing authority, tips collected from customers and paid to employees, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks given in good faith to customers;

"**Incapacity**" means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"**Internet**" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

"**Marks**" means the service mark "WorldKids School" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with the WorldKids School Business;

"**Operations Manual**" means the WorldKids School Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"**System**" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of a WorldKids School Business; and

"**Trade Secrets**" means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the operation of a WorldKids School Business that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## 2. GRANT OF FRANCHISE; APPROVED FRANCHISED BUSINESS

### 2.1 Grant

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege to operate a WorldKids School Business, and Franchisee hereby accepts a franchise under the terms and conditions stated here to operate a Business that has been assigned a protected territory as in Section 2.4 (referred to as the "Territory"). Along with the right to use solely in connection therewith the Franchisor's Names and Mark, Services, Products, its advertising and merchandising methods, and Franchisor's System, as they may be changed or improved and/or further developed from time to time, only at the accepted location of the Franchisee's Business as in Section 2.2, and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or in any other executed agreement, this franchise includes no right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a WorldKids School Franchise, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

### 2.2 Franchised Business

The street address or geographical description of the area for the Franchised Business (the "Accepted Location") is:

_____

_____

_____

### 2.3 Sub-Franchising/Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

### 2.4 Territory

The territory which is hereby granted to Franchisee shall be _____, at _____ (the "Territory"). Franchisee shall be prohibited from operating a franchise outside of the Territory without the prior written consent of Franchisor.

We may approve relocation of the franchised business if we feel that conditions have changed such that a relocation represents a sound business decision.

We would not normally grant to you approval to open an additional outlet within your territory, but may grant you additional franchise territories if we feel you have the time, energy, capital, and management structure to be able to successfully open and operate another territory.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You will receive a protected territory, meaning a geographic area within which we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks.

Continuation of your territorial rights does not depend on achieving a certain sales volume, market penetration, or other contingency, and we may not alter your franchise territory, even if there is a population increase in your territory.

We or an affiliate reserves the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept sales within your territory using our principal trademarks, however, we would normally direct inquiries for services from within your territory to your outlet.

We or an affiliate also reserves the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory of products or services under trademarks different from the ones that you will use under the franchise agreement.

We are not obligated to pay compensation to you for soliciting or accepting orders from inside your territory.

You and other franchisees may not solicit (but may accept) orders from consumers outside of your territory, including through the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, but you may engage in internet and social media marketing pursuant to our guidelines which such marketing may extend outside your territory. We also reserve the right to implement cross-territorial protocols and other guidelines applicable to such situations as group advertising buys by multiple franchisees which may extend into multiple territories, solicitation of orders of individuals who may reside in one territory, yet work in another, and other cross-territorial situations. You agree to abide by any such cross-territorial protocols.

Neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which such business sells or will sell goods or services similar to those you will offer, but we reserve the right to do so.

## 3. FEES

### 3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of Eighty Thousand Dollars ($80,000). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.1.1 Site Development Assistance Fee. Franchisee shall pay to Franchisor a Site Development Assistance Fee of Twenty Thousand Dollars ($20,000). The Site Development Assistance Fee shall be due on the date the Franchised Business lease is signed or the site is purchased. The Site Development Assistance Fee will cover Franchisor's support in evaluating potential locations, providing site selection guidance, reviewing proposed sites, and offering development-related consultation as outlined in this Agreement.

3.1.2 Training Assistance and Opening Support Fee. Franchisee shall pay Franchisor a Training Assistance and Opening Support Fee in the amount of Twenty Thousand Dollars ($20,000). The Training Assistance and Opening Support Fee is due prior to Franchisee being given access to Franchisor's LMS training system and receiving the Franchisee's login credentials to the portal. This fee covers Franchisor's provision of initial training, onboarding materials, operational guidance, and on-site or remote opening support.

### 3.2 Monthly Royalty Fee

(a) Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a monthly fee ("Royalty Fee") equal to 6% of Gross Revenues for the previous month period. The Royalty Fee is due on the tenth (10th) day of each month (for the prior month) and begins on the first (1st) month after the Business is open for operation and continues for the duration the term of this Agreement. The Franchisee will provide to Franchisor a Gross Revenues Report, as required by Section 12.2, for each month during the operation of the Franchise. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as in Section 3.4, such reports shall instead be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

### 3.3 Taxes

Franchisee shall pay its own taxes as related to the Business.

### 3.4 Electronic Transfer

Franchisor shall require all Royalty Fees, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account ("EDTA"). At Franchisor's request, Franchisee shall open and maintain an EDTA, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the EDTA. Once established, Franchisee shall not close the EDTA without Franchisor's written consent.

### 3.5 Late Fees

All Royalty Fees, amounts due from purchases by Franchisee from Franchisor and other amounts not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

### 3.6 National Franchise Convention Fee

Franchisee agrees to pay to Franchisor $700 to attend the National Franchise Convention.

### 3.7 Maintenance and Refurbishing of Business

If, after we notify you, you do not undertake efforts to correct deficiencies in outlet appearance, then we can undertake the repairs and you must reimburse us.

### 3.8 Insufficient Funds Fee

Franchisee agrees to pay to Franchisor $75 if any payment Franchisee owes is rejected due to insufficient funds in Franchisee's Electronic Depository Transfer Account ("EDTA"), or if any other payment instrument Franchisee uses is rejected for insufficient funds.

### 3.9 Relocation Assistance

If Franchisee needs Franchisor's assistance to relocate, Franchisee agrees to pay to Franchisor its costs in providing such assistance.

### 3.10 Software and POS

Franchisee agrees to pay the fees for such software and POS systems as Franchisor specifies, up to a maximum of Seven Hundred Dollars ($700) per month.

### 3.11 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

## 4. TERM AND RENEWAL

### 4.1 Initial Term

This Agreement shall be effective and binding for an initial term of TEN (10) years from the Effective Date, unless sooner terminated according to this Agreement.

### 4.2 Successor Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor for successive terms of TEN (10) years each. To qualify for a successor franchise, each of the following pre-conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;

4.2.2 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.3 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.4 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.5 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;

4.2.6 Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.7 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements;

4.2.8 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located; and

4.2.9 Franchisee has paid the renewal fee of Ten Thousand Dollars ($10,000).

## 5. FRANCHISED BUSINESS

### 5.1 Operation of Franchised Business

Franchisee shall operate the Franchised Business within the Territory from a fixed location (the "Premises"). Franchisee shall manage and administer the Franchised Business from the Premises, and shall maintain and store the books and records of the Franchised Business at its headquarters.

### 5.2 Failure to Develop Franchised Business

Should Franchisee fail to develop the Franchised Business, in accordance with the other provisions of this Section 5 and within 300 days after this Effective Date, Franchisor has the right to terminate this Agreement and retain all fees paid to Franchisor by Franchisee.

### 5.3 Opening

Before opening the Franchised Business and commencing business, Franchisee must:

(a) fulfill all of the obligations of Franchisee according to the other provisions of this Section 5;

(b) furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

(c) complete initial training to the satisfaction of Franchisor;

(d) possess all required state, county, city, and local professional licenses and certifications;

(e) obtain all necessary state, county, city, and local permits and licenses;

(f) pay in full all amounts due to Franchisor;

(g) if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

(h) obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate.

### 5.4 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within 300 days after the Effective Date, Franchisor has the right to terminate this Agreement. Franchisee must secure a location within 45 days. Franchisor shall have a period of 10 days to approve such location, and Franchisee must sign the lease within 15 days following our approval of such location. If this Agreement is terminated according to this Section 5.4, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

## 6. PROPRIETARY MARKS

### 6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is exclusive and is limited to the conduct of business by Franchisee according to, and in compliance with, this Agreement and

all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

### 6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated WorldKids School Franchise" of Franchisee.

### 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor in writing of any infringement, claim of infringement, unfair competition, or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, or claim. However, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

### 6.4 Indemnification for Use of Marks

Franchisor is not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark.

### 6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not

be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

### 6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor reserves the right to inspect the Franchised Business at any time without advanced notice.

### 6.7 Franchisor's Sole Right to Domain Name

Franchisee shall NOT advertise on the Internet, or establish, create, or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of a right, title, and interest in and to such domain names. Franchisor will provide contact information for your Franchised Business on its website.

## 7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

### 7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

### 7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does

not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

### 7.3 Exclusive Relationship

During the term of this Agreement, neither Franchisee, nor any officer, director, or owner of Franchisee, shall directly or indirectly, in the United States, offer products or services on behalf of a Competitive Business; divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

### 7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee, and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed according to this Section. Such agreements shall remain on file at the business of Franchisee and are subject to audit or review as otherwise stated here. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

### 7.5 Reasonableness of Restrictions

[intentionally omitted]

## 8. TRAINING AND ASSISTANCE

### 8.1 Initial Training

Franchisor shall make an initial training program available to a total of 2 employees of Franchisee (if applicable) as part of the Training Assistance and Opening Support Fee. Prior to the opening of the Franchised Business, the designated persons must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the Franchised Business. Franchisor shall conduct the initial training program at a designated location. All expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

### 8.2 Opening Assistance

We provide site selection assistance to you to guide you in the selection of a location for your Franchised Business. We provide to you opening assistance and guidance to assist you with any questions you may have in operating and establishing the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should

Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

### 8.3 Failure to Complete Initial Training Program

If Franchisor determines that the Franchisee is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement and retain the Franchise Fee. If Franchisee is a business entity and the Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Franchisee will be required to pay $750 per day per person for providing the substitute manager an initial training program at our location, or $750 per day per person, for training at Franchisee's location (plus hotel, air fare and other expenses incurred by our trainer).

### 8.4 Ongoing Training

From time to time, Franchisor may provide and if it does, has the right to require that the Franchisee attend ongoing training programs, seminars, conferences, conventions, or webinars during the term of this Agreement, at Franchisee's expense of $750 per person per day if ongoing training is at our location, or $750 per person per day (plus hotel, air fare and other expenses incurred by our trainer) if ongoing training is at Franchisee's location. Franchisor shall not require the Franchisee to attend more than two (2) sessions in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with its attendance at such training. Furthermore, Franchisee shall be required to pay Franchisor's training fee for the training of any new general manager.

## 9. OPERATIONS MANUAL

### 9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Operations Manual or grant Franchisee access to an electronic copy of the Operations Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions in the Operations Manual. However, you are solely responsible for hiring, firing, compensating, paying applicable payroll taxes and day-to-day supervision and control over your employees.

### 9.2 Revisions

Franchisor has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Operations Manual is up-to-date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

### 9.3 Confidentiality

The Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times

ensure that its copy of the Operations Manual is available at the Franchised Business in a current and up-to-date manner. If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Franchised Business; if the Operations Manual is in electronic form, Franchisee shall maintain the Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination, or passwords needed for access to the Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

## 10. FRANCHISE SYSTEM

### 10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules in this Agreement, the Operations Manual or other communications supplied to Franchisee by Franchisor.

### 10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment or signs. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, that Franchisee shall not be required to make any expenditures during the first year of the initial term or any expenditures which are unreasonably disproportionate to Franchisee's initial investment to establish the Franchised Business during the initial term. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2 of this Agreement. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

### 10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular WorldKids School Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

## 11. ADVERTISING AND PROMOTIONAL ACTIVITIES

### 11.1 National Advertising and Development Fund

**After you have been operational 12 months:**

You agree to pay us each month a National Advertising and Development Fund Fee of 2% of your Gross Revenues from the prior month. We may use these fees to conduct advertising using online, radio,

television, direct mail, billboards, print or other advertising. We may use local, regional, or national advertising. We may produce advertising material in-house or through outside agencies. We are not required to spend any amount on advertising in the area or territory where you will be located.

Franchisor-owned outlets are not required to contribute to the Advertising Fund. We administer the Fund. The fund is not audited. But you may request in writing an unaudited financial statement of how the fund was used in the prior fiscal year.

If not all advertising funds are spent in the fiscal year in which they accrue, we will carry them over to apply in future years.

### 11.2 Local and Grand Opening Advertising

Franchisee shall spend a minimum of Two Thousand Dollars ($2,000) each month on Local Advertising, based upon our guidelines. Franchisee shall spend a minimum of Twelve Thousand Dollars ($12,000) to promote the opening of the Franchised Business, pursuant to our guidelines.

Use of Your Own Advertising Material. You may use your own advertising materials provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law.

### 11.3 Advertising Council and Cooperative Advertising

We do not have an advertising council composed of franchisees that advise us on advertising policies at this time, but reserve the right to form one in the future. We do not require you to participate in a local or regional advertising cooperative.

### 11.4 Internet Advertising

You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website that provides information about the System and our franchises. All information posted on our website or any linked webpages must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, our website. You are not permitted to use a domain name containing our marks in the URL.

## 12. ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS

### 12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete, and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall utilize an accounting software such as Quickbooks.com (or other Franchisor approved accounting software) to manage its books. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax

records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

### 12.2 Gross Revenues Reports

Franchisee shall maintain an accurate record of Gross Revenues and shall deliver to Franchisor electronically a signed and verified statement of Gross Revenues ("Gross Revenues Report") for the month ending each month by the 5th day of each month in a form that Franchisor approves or provides in the Operations Manual. The Gross Revenues Report for the preceding month must be provided to Franchisor by the close of business on the 5th of each month as provided in Section 3.2.

### 12.3 Financial Statements

Franchisee shall, at its expense, submit to Franchisor within 30 days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Operations Manual or otherwise in writing.

### 12.4 Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted according to this Agreement.

### 12.5 Computer and Surveillance Equipment

Franchisee shall purchase, install and use computer equipment consisting of hardware and software in accordance with Franchisor's specifications. Franchisor shall have full access to all of Franchisee's computer, data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet. Franchisor shall have full access to any video or surveillance stream. Furthermore, Franchisee shall provide Franchisor access to all software or other records as Franchisor requests, including but not limited to any training software, CRM, or other management or LMS system. Franchisor shall have access to Franchisee's accounts, and Franchisee agrees that Franchisor may pull data or other reports as necessary. Franchisee make payments for such software as required by Franchisor from time to time or as otherwise listed in the brand standards manual.

### 12.6 Right to Inspect

Franchisor or its designee has the right, during normal business hours without notice, to examine, copy, and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment. If the audit reveals an underpayment of 2% or more during the review period, Franchisee shall also pay interest from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the rate legally allowed by the law of the state where Franchisee is located, whichever is lower) and Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and

reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

**Independent Access to Information**. We have, and you are required to, provide independent access to the information that will be generated or stored in your computer systems, which includes, but not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business.

### 12.7 Release of Records

Under Right To Inspect, at Franchisor's request Franchisee shall authorize Franchisor and/or its direct third party(s), including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenues, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

## 13. STANDARDS OF OPERATION

### 13.1 Authorized Products, Services, and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those services, with the greatest diligence and care by Franchisee, that Franchisor approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from Franchisor. Franchisor shall maintain inventory levels for all supplies offered solely by Franchisor at a level sufficient to ensure prompt delivery to all Franchisees. Franchisee shall NOT offer for sale, sell or provide through the Franchised Business or from the Franchised Business any products or services that Franchisor has not approved. Furthermore, Franchisee must offer for sale all services and products currently offered by Franchisor or which will be offered by the Franchisor in the future.

13.1.2 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor. The cost to review a new product or service as proposed by Franchisee shall not exceed $1,000.00 per product or service.

13.1.3 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors in Section 10.4 and shall not create any rights in Franchisee to provide the same products or services.

13.1.4 Franchisor has the right to retain volume rebates, markups, and other benefits from suppliers or in connection with the furnishing of supplies. Franchisee shall have no entitlement to or interest in any such benefits.

13.1.5 Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, furniture, fixtures, inventory, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any products, services or new technology that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier, not to exceed $1,000.00. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

### 13.2 Appearance and Condition of the Franchised Business

Franchisee shall maintain the service equipment, Premises and signage of the Franchised Business in "like new" condition, and shall repair or replace service equipment, the Premises and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

### 13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee or its approved manager. Franchisee and/or its manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, but not less than forty (40) hours per week, not excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

### 13.4 Days of Operation

Franchisee shall keep the Franchised Business open for such days and hours as specified in the Operations Manual.

### 13.5 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or

to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

### 13.6 Licenses and Permits

Franchisee shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of the Franchised Business, and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

### 13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

### 13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable rules and regulations. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint or has operated outside of applicable rules and regulations, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business according to this Section.

### 13.9 Uniforms

Franchisee shall abide by all uniform and dress code requirements stated in the Operations Manual or otherwise. Uniforms must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

### 13.10 Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment to process credit card and other payments pursuant to our specifications.

### 13.11 E-Mail

Franchisor may set up an email address for Franchisee's benefit. Franchisor may charge an e-mail maintenance fee up to $50/month per e-mail address.

### 13.12 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

### 13.13 Extracurricular Vendors

Franchisee must obtain a minimum of two (2) extracurricular vendors that have been approved by Franchisor and meet Franchisor's written specifications. Franchisor may change these specifications from time to time as necessary within the Brand Standards Manual or other Manuals as necessary. Upon 30-day notice to Franchisee, Franchisee shall implement Franchisor's specification and requirements, which may, among other requirements, require that Franchisee cease doing business with its current extracurricular vendors.

## 14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

### 14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems, and offer general guidance to Franchisee by telephone and/or electronic correspondence, with respect to planning and operating the Franchised Business. Franchisor shall not charge for this service. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating WorldKids School businesses and an analysis of costs and prices charged for competitive products and services. Within range, Franchisee shall have the right to change/determine the price to be charged for a particular service by the Franchised Business at the time of sale (if necessary). Notwithstanding, Franchisee acknowledges and agrees that Franchisor shall not be held liable for such advice; any decisions made by Franchisee, whether on its own accord or through suggestion from Franchisor is Franchisee's sole and absolute responsibility.

### 14.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor may also accompany Franchisee and/or Franchisee's employees along any job site visits, in order to monitor all business practices and better render any advice or opinions. Franchisor and Franchisor's representatives who visit the Franchised Business or accompany Franchisee and/or Franchisee's employees along job site visits may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

## 15. INSURANCE

### 15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure within ten (10) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance as we may specify in the Operations Manual or otherwise and any other insurance as may be required by applicable law or by Franchisee's Landlord or Lessor. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns.

### 15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards, or other relevant changes in circumstances.

### 15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

### 15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions in Section 21.3. Upon issuance of a policy and renewal of said policy, Franchisee shall provide to Franchisor, certificates of insurance showing compliance with the foregoing requirements within fifteen (15) days of Franchisee's receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

### 15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

## 16. DEFAULT AND TERMINATION

### 16.1 Termination by Franchisee

You may only terminate this Agreement upon (1) our mutual agreement; (2) non-renewal; or (3) a sale pursuant to the terms of this Agreement.

### 16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

(a) fails to timely establish, equip, and commence operations of the Franchised Business according to Section 5;

(b) fails to satisfactorily complete any training program according to Section 8;

(c) fails to maintain all required professional licenses, permits, and certifications for a period exceeding five (5) business days;

(d) made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

(e) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, or the Franchised Business;

(f) after notice to cure, fails to refrain from activities, behavior, or conduct likely to adversely affect the reputation of Franchisor, Franchisee, or the Franchised Business;

(g) discloses, duplicates, or otherwise uses in an unauthorized manner any portion of the Operations Manual, Trade Secrets, or any other Confidential Information;

(h) if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee, and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed according to Section 7.4 if requested by Franchisor;

(i) abandons, fails, or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business or any other event rendering the Premises unusable;

(j) surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in the Franchise of a deceased or incapacitated owner thereof as herein required;

(k) fails to maintain the Franchised Business under the primary supervision of an approved manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee according to Section 18.6;

(l) submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than two percent (2%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(m) becomes insolvent, meaning unable to pay bills as they become due in the ordinary course of business;

(n) misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

(o) fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

(p) violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees, or the public;

(q) engages in any activity exclusively reserved to Franchisor;

(r) fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

(s) breaches this Agreement 3 times in a 12-month period and/or fails 3 times in a 12-month period to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Operations Manual, whether or not previous breaches or failures are cured;

(t) defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates; however, we may not terminate a Franchise Agreement that is already in place for a breach of the Area Development Agreement;

(u) performs Targeted Marketing in any geographic location outside of the Territory, whether or not such geographic location falls within another franchisee's territory or the territory of any other Franchisor-controlled business.

(v) fails to refer business opportunities or offers received by third parties, if such business opportunities or offers would take place in any geographic location which falls under the territory of other franchisees, Franchisor's associated businesses, or which are directly controlled by the Franchisor.

16.2.2 Except as otherwise provided in Section 16.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

(a) within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

(b) within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

(c) within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Operations Manual or otherwise prescribed in writing.

### 16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

### 16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination according to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement.

### 16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination according to Section 16.2.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee equal to $750 per person per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

## 17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

### 17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

(a) immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(b) cease to use the Trade Secrets or other Confidential Information, the System and the Marks, including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks;

(c) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city, or county authorities which contains the name "WorldKids School" or any other confusingly similar Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

(d) pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs, and expenses, including reasonable attorneys' fees, with respect to litigation, arbitration, appellate, or bankruptcy

proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate;

(e) pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(f) immediately return to Franchisor the Operations Manual, Trade Secrets, and all other Confidential Information, including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

(g) assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

(h) in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to (A) (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of default (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) or (ii) the number of months then remaining in the then-current term of this Agreement OR (B) Fifty Thousand Dollars ($50,000), whichever is greater. Franchisee acknowledges that a precise calculation of the full extent of the lost Royalties and Brand Fund Contributions Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 17.1.h shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

(i) comply with all other applicable provisions of this Agreement.

**17.2 Post-Termination Covenant Not to Compete**

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 17 are fair and reasonable.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly:

(a) offer Competitive Business services located or operating (a) at or within a twenty-five (25) mile radius of the Franchised Business, or (b) within a twenty-five (25) mile radius of any other WorldKids School Business in existence at the time of termination or expiration, or (c) any other business owned or operated by the Franchisor in existence at the time of termination or expiration;

(b) solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor; or

(c) In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2.

### 17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 17, 17.1 or 17.2. Franchisee shall make such modifications or alterations to the Franchised Business (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Franchised Business. Franchisee shall make such specific additional changes to the Franchised Business as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Franchised Business for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

### 17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including improvements, vehicles, service tools and equipment, supplies and other inventory or equipment. The purchase price shall be equal to the assets' book value. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

### 17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## 18. TRANSFERABILITY OF INTEREST

### 18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and

Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

### 18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the assets of the Franchised Business or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(a) Franchisee has complied with the requirements in Section 19;

(b) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

(c) Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

(d) the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(e) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

(f) the transferee has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

(g) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

(h) Franchisee, or the transferee, has paid to Franchisor, before the transaction is completed, a transfer fee in the amount of Ten Thousand Dollars ($10,000), if the Franchise is being sold, transferred, or assigned to a third party;

(i) the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

(j) the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state, and local laws, rules, ordinances, and requirements applicable to the transfer have been complied with or satisfied;

(k) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

(l) the transferee agrees that it shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business.

**18.3 Transfer to a Controlled Entity**

18.3.1 If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(a) the Controlled Entity is newly organized and its charter or articles of formation provides that its activities are confined exclusively to the operation of the Franchised Business;

(b) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

(c) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required according to Section 18.2(h);

(d) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(e) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

(f) each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

(g) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

### 18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

### 18.5 For-Sale Advertising

Franchisee shall NOT, without prior written consent of Franchisor, place in, on or upon the area of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

### 18.6 Transfer by Death or Incapacity

Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor shall be given access to the Franchised Business, even if located within Franchisee's or its Designated Manager's principal residence, and shall not be held liable for trespass or

any related tort. Franchisor may charge a management fee equal to $750 per person per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

## 19. RIGHT OF FIRST REFUSAL

### 19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity according to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

### 19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

### 19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

### 19.4 Sales or Transfers to Family Excepted

If Franchisee proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family according to this Section.

## 20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individual(s) identified in Schedule 6 is/are the sole holder(s) of a legal or beneficial interest (in the stated percentages) of Franchisee.

## 21. RELATIONSHIP AND INDEMNIFICATION

### 21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint-venturer, partner, employee, servant, or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business according to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business by Franchisee. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

### 21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties.

### 21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

### 21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of

Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee agrees to not be a party to class action suit against Franchisor or any of its Affiliates under any circumstances.

## 22. GENERAL CONDITIONS AND PROVISIONS

### 22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

### 22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

### 22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address, or at such other address as Franchisor may provide:

WKAF LLC
Attn.: Nicole Chaudry
6523 California Avenue SW
Seattle, WA 98136

### 22.4 Cost of Enforcement or Defense

If Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, if it is the prevailing party, it shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

### 22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same. Furthermore, any spouse of any holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall also be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3.

### 22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

### 22.7 Entire Agreement

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

### 22.8 Severability and Modification

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement.

Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

### 22.9 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

### 22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

### 22.11 Timing

Time is of the essence. Except as in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

### 22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

### 22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

### 22.14 Third Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

### 22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

## 23. DISPUTE RESOLUTION

### 23.1 Choice of Law

Except as to claims governed by federal law, Washington State law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no

laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

### 23.2 Jurisdiction and Venue

You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Seattle, Washington.

### 23.3 Jury Waiver

In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

### 23.4 Class Action Waiver

You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

### 23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

### 23.6 Limitation of Actions

You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

### 23.7 Prior Notice of Claims

As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

### 23.8 Internal Dispute Resolution

You must first bring any Claim to our CEO, after providing notice as in Section 23.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

### 23.9 Mediation and Arbitration

Before you may bring any Claim against us, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located.

If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA"), and split any AAA and mediator fees equally.

If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county where our headquarters is located, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

### 23.10 Waiver of Bond

You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

### 23.11 Attorney Fees

If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

### 23.12 Third Party Beneficiaries

Our officers, directors, members, shareholders, agents, and employees are express third-party beneficiaries of the terms of the Dispute Resolution provisions contained herein.

## 24. ACKNOWLEDGMENTS

### 24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received Franchisor's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

### 24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

### 24.3 True and Accurate Information

Franchisee represents that all information in any and all applications, financial statements, and submissions to Franchisor is true, complete, and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness, and accuracy of such information.

### 24.4 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a WorldKids School Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

### 24.5 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

### 24.6 No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**WKAF LLC** **[FRANCHISEE]**

By: _____ By: _____

Print Name: _____ Print Name: _____

Title: _____ Title: _____

**SCHEDULE 1 TO THE FRANCHISE AGREEMENT**
**GENERAL RELEASE**

THIS RELEASE is made and given by _____, ("Releasor") with reference to the following facts:

1. Releasor and WKAF LLC (Releasee) are parties to one or more franchise agreements.

2. The following consideration is given:

   _____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or

   _____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or

   _____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

   _____ [insert description]

3. Release- Franchisee and all of Franchisee's guarantors, members, officers, directors, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.

4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.

5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

   > A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

**Releasor:**

By:_____

Printed Name:_____

Title:_____

**Releasee:**
**WKAF LLC**

By:_____
Nicole Chaudry, CEO

Date:_____

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT**
**NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This "Agreement" made as of the ____ day of _____, 20____, is by and between_____ _____, ("Franchisee," "we," "us," or "our") and _____("Individual," "you," or "your").

**W I T N E S S E T H:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ ("Franchise Agreement") by and between Franchisee and the Franchisor, WKAF LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products and services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings stated here, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

**1. Trade Secrets and Confidential Information**

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, recipes compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the WorldKids School Business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to WorldKids School that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential

Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure according to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

**2. Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential according to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a WorldKids School Business.

**3. Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, divert or attempt to divert any business or customer of Franchisee or the Company to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "WorldKids School" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with WorldKids School or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a WorldKids School business.

b) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, offer Competitive Business services anywhere within a TWENTY FIVE (25) mile radius of any WorldKids School location without the express written consent of Franchisee and the Company.

c) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any business associate of Franchisee, Company or any other WorldKids School Business to compete against, or terminate or modify his, her or its business relationship with, Franchisee, Company or any other WorldKids School Business.

**4. Reasonableness of Restrictions**

Individual acknowledges that each of the terms stated here, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

**5. Relief for Breaches of Confidentiality, Non-Solicitation, and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and/or Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

**6. Dispute Resolution**

a) **Choice of Law.** Except as to claims governed by federal law, the local law where the Franchised Business is located governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

b) **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters.

c) **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

d) **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

e) **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

f) **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

g) **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

h) **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as in Section 6(g) above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

i) **Mediation and Arbitration.** Before you may bring any Claim against us court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA"), and split any AAA and mediator fees equally.

If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county of our headquarters in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

j) **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

k) **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

**7. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

c) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

d) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

e) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

f) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Name Printed: _____

**SCHEDULE 3 TO THE FRANCHISE AGREEMENT**
**UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this day of_____, 20 , by

_____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ herewith ("Agreement") by WKAF LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7, and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor's death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor's estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor's death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the Franchisor's state of formation (without giving effect to principles of conflicts of law).

Dispute Resolution. You agree to be bound by the Dispute Resolution provisions found in Section 23 of any Franchise Agreement between the parties as if set forth here and as being equally applicable to this Guaranty and the dealings of the parties hereunder.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

_____

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

**PERSONAL GUARANTOR**

_____
Personally and Individually (Printed Name)

| | |
|---|---|
| _____ | _____ |
| Personally and Individually (Signature) | Personally and Individually (Signature) |
| HOME ADDRESS | HOME ADDRESS |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| TELEPHONE NO.: _____ | TELEPHONE NO.: _____ |
| PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____% | PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____ % |

## SCHEDULE 4 TO THE FRANCHISE AGREEMENT

## LEASE ADDENDUM

| Landlord | |
|---|---|
| Landlord Name: | |
| Landlord Address: | |
| Landlord Phone Number: | |

| Franchisor | |
|---|---|
| Franchisor Name: | WKAF LLC |
| Franchisor Address: | 6523 California Avenue SW<br>Seattle, WA 98136 |
| Franchisor Phone Number: | 206-853-2178 |

| Tenant | |
|---|---|
| Tenant Name: | |
| Address of Leased Premises: | |
| Date of Lease: | |

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a WorldKids School business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease, subject to Landlord's approval in its reasonable discretion. To exercise this option, Franchisor must notify Landlord within 10 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Landlord and Tenant consent to allow Franchisor to assume any existing term of the Lease (the "Assumption"), provided that any and all defaults have been cured and all payments due under the Lease are current, and to enter into a written agreement providing for such Assumption. In the event of an Assumption, Landlord will deliver possession of the Leased Premises to Franchisor free and clear of any rights of the Tenant or any third party. Landlord further consents to give Franchisor the right, following the Assumption, to assign its interest in the Lease or to sublet the Leased Premises to another franchisee of Franchisor with reasonable consent from the Landlord.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of Franchisor's brand, subject to Landlord's approval in its reasonable discretion.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises within 10 days of such expiration or termination, to take any such actions as may be consistent with its rights under this Lease Addendum or to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols.

8. No Liability. By executing this Addendum, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

_____

By: _____
Name: _____
Title: _____

TENANT:

_____

By: _____
Name: _____
Title: _____

FRANCHISOR:
WKAF LLC

By: _____
Name: _____
Title: _____
Date: _____

**SCHEDULE 5 TO THE FRANCHISE AGREEMENT**
**ACH PAYMENT AGREEMENT**

Company Name: _____

Name of Financial Institution: _____

Address of Financial Institution: _____

Routing Number: _____

Account Number: _____

I hereby authorize WKAF LLC ("Franchisor") and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my franchise agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either Franchisor or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: _____

Printed Name of Person Signing: _____

Title (if any): _____

Application Date: _____

Telephone Number: _____

Applicant's Address: _____

_____

**SCHEDULE 6 TO THE FRANCHISE AGREEMENT**
**HOLDERS OF LEGAL OR BENEFICIAL INTEREST**
**IN FRANCHISEE; OFFICERS; DIRECTORS**

**Holders of Legal or Beneficial Interest:**

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

**Officers and Directors:**

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _%

Name: _____
Position/Title: _____
Home Address: _____
_____
_____
Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

**EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT**

**WKAF LLC**

**WORLDKIDS SCHOOL**
**OPERATIONS MANUAL TABLE OF CONTENTS**

**EXHIBIT C**

**TABLE OF CONTENTS TO THE OPERATIONS MANUAL**

| Chapter Number | Subject | Page Count |
|---|---|---|
| | Table of Contents | 5 |
| 1 | Introduction | 5 |
| 2 | Welcome to WorldKids School | 3 |
| 3 | Support Resources | 2 |
| 4 | Pre-Opening Timetable & Obligations | 7 |
| 5 | Training Requirements | 3 |
| 6 | Staffing Your WorldKids School Franchise | 5 |
| 7 | School Policies | 3 |
| 8 | School Operation & Maintenance | 3 |
| 9 | Equipment, Computer System, Inventory, & Supplies | 3 |
| 10 | Administration | 3 |
| 11 | Reports, Audits & Inspections | 2 |
| 12 | Facility Administration | 2 |
| 13 | Marketing | 3 |
| 14 | Sales & Pricing | 3 |
| 15 | Insurance Requirements & Risk Management | 2 |
| 16 | Corporate Structure & Financing | 4 |
| 17 | Trademarks & Trade Secrets – Protection Policies | 3 |
| 18 | Renewal, Transfer & Closing | 2 |
| 19 | Expansion & Relocation Requirements | 1 |
| | Thank You for Franchising with WorldKids School! | 1 |
| | **Total Page Count** | **65** |

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**
**AREA DEVELOPMENT AGREEMENT**

**WKAF LLC**

**WORLDKIDS SCHOOL**
**AREA DEVELOPMENT AGREEMENT**

**WKAF LLC**
**AREA DEVELOPMENT AGREEMENT**

# Table of Contents


1. GRANT OF DEVELOPMENT RIGHTS ..... 2
2. DEVELOPMENT FEE ..... 2
3. DEVELOPMENT SCHEDULE ..... 2
4. DEFAULT AND TERMINATION ..... 2
5. RELATION TO FRANCHISE AGREEMENT ..... 3
6. GUARANTY ..... 3

Appendix A Development Territory
Appendix B Development Schedule

**WKAF LLC**
**AREA DEVELOPMENT AGREEMENT**

This Area Development Agreement (this "Agreement") dated _____, by and between **WKAF LLC** ("we" or "us") and _____ ("developer" or "you").

## RECITALS

You desire to develop and operate several franchised locations and we, in reliance on your representations, have approved your franchise application to do so in accordance with this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

## 1. GRANT OF DEVELOPMENT RIGHTS

We grant to you, under the terms and conditions of this Agreement, the right to develop and operate **NUMBER (#)** of franchised locations (each a "Location", and collectively, the "Locations") within the territory described on Appendix A ("Development Territory").

## 2. DEVELOPMENT FEE

You must pay a Development Fee as described below:

As consideration for the rights granted in this Agreement, you must pay us the Initial Franchise Fee stated in the Franchise Agreement at the time you sign this Agreement for the first territory to be developed under this Agreement and one-half of the Initial Franchise Fee for each subsequent Location to be developed under this Agreement.

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon execution of this Agreement and is non-refundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the Initial Franchise Fee payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for the first Location must be paid at the time of execution of this Agreement, together with the execution by you of the Franchise Agreement for the first Location. The balance of the Initial Franchise Fee for each subsequent Location is due upon entering into a Franchise Agreement for each additional Location.

## 3. DEVELOPMENT SCHEDULE

You agree that you shall sign our then current franchise agreement, have an approved Location, and be open for business in each territory according to the Development Schedule in Appendix B ("Development Schedule"). Our then current franchise agreement may contain different or additional terms than those set forth in any franchise agreement signed concurrently with this Area Development Agreement. Time is of the essence for the development of each Location in accordance with the Development Schedule.

## 4. DEFAULT AND TERMINATION

If you fail to meet or satisfy the timing in the above Development Schedule, we may give you written notice of the default and if such default is not cured within thirty (30) days after notice of the default, we may terminate your rights to develop any territories as to which you have breached the above Development Schedule. Also, this Agreement terminates if and when no Franchise Agreement is in place between the parties.

You agree that for our consideration in allowing the Development Schedule set forth above, we may keep as non-refundable all initial franchise fees and Development Fee you may have paid to us at any time.

## 5. RELATION TO FRANCHISE AGREEMENT

This Agreement forms a part of the Franchise Agreement entered into at or about the same time as this Agreement and is subject to the terms of such Franchise Agreement, to the extent such terms are not inconsistent with the terms of this Agreement.

## 6. GUARANTY

The Guarantors on the signature page below guarantee all of the obligations of the Developer in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed the foregoing Agreement as of the dates written below.

Franchisor
WKAF LLC

By: _____
Name: _____
Title: _____
Date: _____

Developer

_____
By: _____
Name: _____
Title: _____
Date: _____

Guarantors
By: _____
Name: _____
Date: _____

By: _____
Name: _____
Date: _____

By: _____
Name: _____
Date: _____

By: _____
Name: _____
Date: _____

## APPENDIX A

## DEVELOPMENT TERRITORY

Your Development Territory shall consist of the area _____
_____
_____.

## APPENDIX B

## DEVELOPMENT SCHEDULE

| Location Number | Date by Which Franchise Agreement Must be Signed | Opening Date | Cumulative Number of Locations Operating in Territory by the Date in the Preceding Column |
|---|---|---|---|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

# WKAF LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

# WKAF LLC

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| Independent auditor's report | 3 |
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| Statement of operations | 6 |
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| Statement of cash flows | 8 |
| Notes to the financial statements | 9 |

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

*Independent Auditor's Report*

To the Member
WKAF LLC
Seattle, WA

***Opinion***

We have audited the accompanying financial statements of WKAF LLC, which comprise the balance sheet as of December 31, 2025, and the related statement of operations, member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WKAF LLC as of December 31, 2025, 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 audit 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

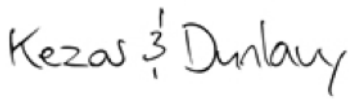
***Auditor's Responsibilities for the Audit of the Financial Statements***

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



St. George, Utah
March 12, 2026

# WKAF LLC
## BALANCE SHEET
## As of December 31, 2025

| | 2025 |
|---|---|
| **Assets** | |
| Current assets | |
| Cash and cash equivalents | $ 5,653 |
| Franchise fee receivable | 240,000 |
| Deferred commissions | 42,686 |
| Other assets | 4,917 |
| Total current assets | 293,256 |
| Total assets | $ 293,256 |
| | |
| **Liabilities and Member's Deficit** | |
| Current liabilities | |
| Accounts payable | $ 5,543 |
| Accrued expenses | 3,650 |
| Deferred revenue, current portion | 400,900 |
| Total current liabilities | 410,093 |
| | |
| Non-current liabilities | |
| Deferred revenue, non-current portion | 139,111 |
| Total non-current liabilities | 139,111 |
| Total liabilities | 549,204 |
| | |
| Member's deficit | (255,948) |
| Total liabilities and member's deficit | $ 293,256 |

The accompanying notes are an integral part of these financial statements

# WKAF LLC
## STATEMENT OF OPERATIONS
For the year ended December 31, 2025

| | 2025 |
|---|---|
| Operating revenue | |
| Franchise fee revenue | $ 3,989 |
| Total operating revenue | 3,989 |
| | |
| Operating expenses | |
| General and administrative | 105,574 |
| Marketing and advertising | 2,131 |
| Legal and professional fees | 52,248 |
| Total operating expenses | 159,953 |
| Net loss | $ (155,964) |

The accompanying notes are an integral part of these financial statements

# WKAF LLC
## STATEMENT OF MEMBER'S DEFICIT
For the year ended December 31, 2025

| | | |
|---|---|---|
| Balance as of July 18, 2025 (Inception) | $ | - |
| Member contributions | | 163,361 |
| Member distributions | | (263,345) |
| Net loss | | (155,964) |
| Balance as of December 31, 2025 | $ | (255,948) |

The accompanying notes are an integral part of these financial statements

# WKAF LLC
## STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

| | 2025 |
|---|---|
| Cash flows used in operating activities: | |
| Net loss | $ (155,964) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Change in operating assets and liabilities: | |
| Franchise fee receivable | (240,000) |
| Deferred commissions | (42,686) |
| Accounts payable | 5,543 |
| Other assets | (4,917) |
| Deferred revenue, current | 400,900 |
| Deferred revenue, non-current | 139,111 |
| Accrued expenses | 3,650 |
| Net cash provided by operating activities | 105,637 |
| | |
| Cash flows from financing activities: | |
| Member contributions | 163,361 |
| Member distributions | (263,345) |
| Net cash used in financing activities | (99,984) |
| | |
| Net change in cash and cash equivalents | 5,653 |
| Cash and cash equivalents at beginning of period | - |
| Cash and cash equivalents at end of period | $ 5,653 |
| | |
| Supplemental disclosures of cash flow | |
| Cash paid for interest and taxes | $ - |

The accompanying notes are an integral part of these financial statements

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

WKAF LLC (the "Company") was formed on July 18, 2024, as a Washington Limited Liability Company. The Company is engaged in operating learning centers offering immersion classes in Spanish and Mandarin for children ranging from ages 2 months to 6 years old.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

*(e) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for uncollectible accounts.

*(f) Revenue Recognition*

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations,

determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties and marketing fees based on a percentage of gross revenues, and service fees.

*Royalty and national advertising fund fees*

Upon evaluation of the five-step process, the Company has determined that royalty and national advertising fund fees are to be recognized in the same period as the underlying sales.

*Initial Franchise Fees*

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, Franchisors—Revenue from Contracts with Customers. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the fair value of pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to pre-opening services, which is then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

*(g) Income Taxes*

The entity is structured as a limited liability company ("LLC") under the laws of the State of Washington. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, no tax years were subject to examination.

*(h) Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expenses for the fiscal year ended December 31, 2025, were $2,131.

*(i) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(j) Concentration of Risk*

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Accrued Expenses

The Company's accrued expenses consist of payroll and payroll taxes payable as of year-end.

(3) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalty and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the World Kids School system for a period of ten years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

For the year ended December 31, 2025, the change in the Company's deferred commissions is as follows:

| | 2025 |
|---|---|
| Beginning deferred commissions | $ - |
| Additions (cash paid for commissions) | 43,000 |
| Expenses recognized | (314) |
| Ending deferred commissions | $ 42,686 |
| | |
| Deferred commissions, current | 30,907 |
| Deferred commissions, non-current | 11,779 |
| | $ 42,686 |

The following table represents the activity of the Company's deferred revenue for the year ended December 31, 2025:

| | 2025 |
|---|---|
| Beginning deferred revenue | $ - |
| Additions | 544,000 |
| Revenue recognized from beginning deferred revenue | - |
| Revenue recognized from contracts executed in the current year | (3,989) |
| Ending deferred revenue | $ 540,011 |
| | |
| Deferred revenue, current | 400,900 |
| Deferred revenue, non-current | 139,111 |
| | $ 540,011 |

(4) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(5) Subsequent Events

Management has reviewed and evaluated subsequent events through March 12, 2026, which is the date the financial statements were issued.

# WKAF, LLC.

## Financial Statements

## December 31, 2024

(With Independent Auditors'
Report Thereon)

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# INDEPENDENT AUDITORS' REPORT

To the Members of
WKAF, LLC.

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of WKAF, LLC., which comprise the balance sheet as of December 31, 2024 and the related statements of operations and members' equity and cash flows for the period from July 19, 2024 ("Commencement of operations") to December 31, 2024 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WKAF, LLC. as of December 31, 2024, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WKAF, LLC.'s ability to continue as a going concern for the period ended December 31, 2024.

***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness WKAF, 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 WKAF, 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.

Smith, Buggs & Associates, LLC.

Miami, Florida
March 14, 2024

WKAF, LLC.

Balance Sheet

December 31, 2024

| | |
|---|---|
| **Assets** | |
| Cash | $ 97 |
| Total assets | $ 97 |
| **Liabilities and Members' Equity** | |
| Liabilities | |
| Deferred franchise fee | $ - |
| Total liabilities | - |
| Members' Equity | 97 |
| Total Members' Equity | 97 |
| Total Liabilities and Members' Equity | $ 97 |

See accompanying notes to financial statements.

WKAF, LLC.

Statement of Operations and Members' Equity

For the Period from July 19, 2024("Commencement of operations")
to December 31, 2024

| | |
|---|---|
| Revenues: | |
| Franchise sales | $ - |
| Total revenues | - |
| Expenses: | |
| Professional fees | - |
| Total expenses | - |
| Net loss | - |
| Contributions, net | 97 |
| Members' Equity, beginning of period | - |
| Members' Equity, end of period | $ 97 |

See accompanying notes to financial statements.

WKAF, LLC.

Statement of Cash Flows

For the Period from July 19, 2024 ("Commencement of operations")
to December 31, 2024

| | |
|---|---|
| Cash flows from operating activities: | |
| Net income (loss) | $ - |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Amortization | - |
| (Increase) decrease in assets: | |
| Accounts receivable | - |
| Increase (decrease) in liabilities: | |
| Deferred revenue | - |
| Net cash used by operating activities | - |
| Cash flows from investing activities: | |
| Fixed asset dispositions, net | - |
| Net cash used by investing activities | - |
| Cash flows from financing activities: | |
| Contributions | 104,157 |
| Distributions | (104,060) |
| Net cash provided by financing activities | 97 |
| Net increase in cash and cash equivalents | 97 |
| Cash and cash equivalents, beginning of period | - |
| Cash and cash equivalents, end of period | $ 97 |
| Supplementary disclosure of cash flow information: | |
| Cash paid during the period for: | |
| Interest | $ - |
| Income taxes | $ - |

See accompanying notes to financial statements.

WKAF, LLC.

Notes to Financial Statements

December 31, 2024

## 1. ***Summary of Significant Accounting Policies***

WKAF, LLC. ("Company") was formed in the State of Washington in July 2024. The principal purpose of the Company is to offer and sell franchises that offer learning centers that introduce children to hands on preschool curriculum while immersing them in Mandarin Chinese and Spanish languages and international culture.

Following is a description of significant risks facing the Company and how those risks are minimized:

***Legal/Regulatory Risk*** - The risk that changes in the legal or regulatory environment in which the Company operates can create additional loss, costs, or expenses not anticipated by the Company in pricing its services. That is, regulatory initiatives may create costs for the Company beyond those currently recorded in the financial statements or assumed in pricing. The Company attempts to minimize this risk by reviewing legislative and other regulatory changes and adjusting rates whenever possible.

***Concentration Risk*** - All of the Company's fees were derived from services rendered to customers. Accordingly, the Company could be affected by adverse conditions that may occur from time to time in the marketplace.

***Credit Risk*** - The risk that customers that may owe the Company money, will not pay. The Company attempts to minimize this risk by actively monitoring collections of receivables.

### a) ***Method of Accounting***

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

### b) ***Property and Equipment***

Property and equipment are stated at cost. Depreciation is computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation is computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

1. ***Summary of Significant Accounting Policies*** **- *(Cont.)***

**c) *Franchise Revenues***

Income is principally comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from initial franchise fees as well as royalties collected from franchisees.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. A portion of the initial franchise fee is allocated to certain distinct performance obligations and is recognized as revenue when the Company has determined it has provided substantially all of its material obligations required to recognize revenue related to those distinct performance obligations. Initial franchise fees generally consist of pre-opening services determined by Franchisor that are separate and distinct (typically upfront and not brand specific) such as training, site selection, etc. and could be provided by a third party. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor.

The individual franchise agreements typically have a 10 year initial term and provide the franchisee with an opportunity to enter into renewal terms subject to certain conditions.

The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists
- all material obligations have been provided
- the sales price is fixed or determinable and
- collectability is probable

Deferred revenue represents cash received from franchisees for franchise fees and area development fees for which revenue recognition criteria has not been met.

As of December 31, 2024, the Company has recorded deferred franchise fees of $0 relating to stores to be opened in future years or unamortized fees relating to open stores. These amounts are included in deferred revenues.

1. ***Summary of Significant Accounting Policies*** **- *(Cont.)***

**d) *Accounts Receivable***

Trade accounts receivable consist of amounts due for franchise sales, are carried at their estimated collectible amounts and trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The Company uses the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unreserved accounts receivable to be collectible. As of December 31, 2024, a total of $0 in accounts were reserved.

**e) *Income Taxes***

The Company filed an election with the Internal Revenue service to be treated as a Limited Liability Corporation ("LLC") for all its taxable years. An LLC is not subject to corporate income tax. The Company's taxable income or loss and tax credits pass through to the members.

The Company follows the provisions of Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**f) *Cash Flows***

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

1. ***Summary of Significant Accounting Policies*** **- *(Cont.)***

**g)** ***Pervasiveness of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

**h)** ***Long-Lived Assets***

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

**i)** ***Concentrations, Risks and Uncertainties***

Financial instruments which subject the Company to concentrations of credit risk include cash and cash equivalents. The Company maintains its cash in well-known financial institutions selected based upon management's assessment of the financial institution's financial stability.

**j)** ***Fair Value***

The Company follows ASC 820-10, "Fair Value Measurements". ASC 820-10 provides a definition of fair value, establishes a framework for measuring fair value under Generally Accepted Accounting Principles ("GAAP") and requires expanded disclosure about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance. The fair value of financial instruments to be classified as assets or liabilities including cash and trademarks approximate carrying value, principally because of the short maturity of those items.

## 2. Accounts Receivable

At December 31, 2024, the Company is owed $0 from the sale of franchises. The Company is to receive the outstanding balance of the franchise fees at the commencement of operations of the sold franchises.

Management constantly evaluates balances due for assessing collectability.

## 3. Property and Equipment

Property and equipment at December 31, 2024, consists of the following:

| | |
|---|---|
| Computer | $ - |
| Office furniture and equipment | - |
| | - |
| Less accumulated depreciation | - |
| | $ - |

Depreciation expense for the period ended on December 31, 2024 amounted to $0.

## 4. Franchise Sales and Agreements

The Company started offering franchises in October 2024.

The Company enters into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various items to franchisees including, but not limited to, marketing and operational support.

## 5. Subsequent Events

Management has evaluated subsequent events through March 14, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

# WKAF, LLC.

## Financial Statements

## September 19, 2024

(With Independent Auditors'
Report Thereon)

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# INDEPENDENT AUDITORS' REPORT

To the Members of
WKAF, LLC.

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of WKAF, LLC., which comprise the balance sheet as of September 19, 2024 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WKAF, LLC. as of September 19, 2024, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WKAF, LLC.'s ability to continue as a going concern for the period ended September 19, 2024.

***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness WKAF, 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 WKAF, 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.

Smith, Buzzi & Associates, LLC.

Miami, Florida
September 24, 2024

WKAF, LLC.

Balance Sheet

September 19, 2024

| | |
|---|---|
| **Assets** | |
| Cash | $100,223 |
| Total assets | $100,223 |
| **Liabilities and Members' Equity** | |
| Liabilities | |
| Deferred franchise fee | $ - |
| Total liabilities | - |
| Members' Equity | 100,223 |
| Total Members' Equity | 100,223 |
| Total Liabilities and Members' Equity | $100,223 |

See accompanying notes to financial statements.

WKAF, LLC.

Notes to Financial Statements

September 19, 2024

## 1. *Summary of Significant Accounting Policies*

WKAF, LLC. ("Company") was formed in the State of Washington in July 2024. The principal purpose of the Company is to offer and sell franchises that offer learning centers that introduce children to hands on preschool curriculum while immersing them in Mandarin Chinese and Spanish languages and international culture.

### a) *Method of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

### b) *Property and Equipment*

Property and equipment will be stated at cost. Depreciation will be computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation will be computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment will be capitalized. Expenditures for maintenance and repairs will be charged to expense as incurred.

### c) *Franchise Revenues*

Income will principally be comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from the sales of marketing materials and other services to the franchisees and royalties.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. A portion of the initial franchise fee is allocated to certain distinct performance obligations and is recognized as revenue when the Company has determined it has provided substantially all of its material obligations required to recognize revenue related to those distinct performance obligations. Initial franchise fees generally consist of pre-opening services determined by Franchisor that are separate and distinct (typically upfront and not brand specific) such as

1. ***Summary of Significant Accounting Policies*** **- *(Cont.)***

**c)** ***Franchise Revenues/Deferred Revenues*** **- *(Cont.)***

training, site selection, etc. and could be provided by a third party. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor.

The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists
- all material obligations have been provided
- the sales price is fixed or determinable and
- collectability is probable

The individual franchise agreements typically have a set year initial term, but provide the franchisee with an opportunity to enter into renewal terms subject to certain conditions.

Deferred revenue represents cash received from franchisees for franchise fees for which revenue recognition criteria has not been met. At September 19, 2024, $0 in deferred franchise revenues were recorded.

**d)** ***Accounts Receivable***

Trade accounts receivable will consist of amounts due for franchise sales, will be carried at their estimated collectible amounts and trade credit will be generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are to be periodically evaluated for collectability based on past credit history with customers and their current financial condition.

The Company will use the reserve method of accounting for bad debts for financial reporting purposes and the direct write-off method for income tax purposes. Trade accounts receivable are charged against the allowance account when such receivables are deemed to be uncollectible. Management considers all unreserved accounts receivable to be collectible. As of September 19, 2024, a total of $0 in accounts were reserved.

**e)** ***Income Taxes***

The Company filed an election with the Internal Revenue service to be treated as a Limited Liability Corporation (“LLC”) for all its taxable years. An LLC is not subject to corporate income tax. The Company’s taxable income or loss and tax credits pass through to the members.

1. ***Summary of Significant Accounting Policies* - *(Cont.)***

**e)** ***Income Taxes* *(Cont.)***

The Company follows the provisions of Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**f)** ***Cash Flows***

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

**g)** ***Pervasiveness of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

**h)** ***Long-Lived Assets***

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

1. ***Summary of Significant Accounting Policies*** **- *(Cont.)***

i) ***Concentrations, Risks and Uncertainties***

Financial instruments which subject the Company to concentrations of credit risk include cash and cash equivalents. The Company maintains its cash in well-known financial institutions selected based upon management's assessment of the financial institution's financial responsibility.

j) ***Fair Value***

The Company follows ASC 820-10, "Fair Value Measurements". ASC 820-10 provides a definition of fair value, establishes a framework for measuring fair value under Generally Accepted Accounting Principles ("GAAP") and requires expanded disclosure about fair value measurements. The standard applies when GAAP requires or allows assets or liabilities to be measured at fair value and, therefore, does not expand the use of fair value in any new circumstance. The fair value of financial instruments to be classified as assets or liabilities including cash and trademarks approximate carrying value, principally because of the short maturity of those items.

2. ***Accounts Receivable***

At September 19, 2024, the Company is owed $0 from the sale of franchises. Management constantly evaluates balances due for assessing collectability.

3. ***Property and Equipment***

Property and equipment at September 19, 2024, consists of the following:

| | |
|---|---|
| Computer | $ - |
| Office furniture and equipment | - |
| | - |
| Less accumulated depreciation | - |
| | $ - |

Depreciation expense for the period ended on September 19, 2024 amounted to $0.

## 4. ***Franchise Sales and Agreements***

The Company will start offering franchises in October 2024.

The Company will enter into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various items to franchisees including, but not limited to, marketing and operational support.

## 5. ***Subsequent Events***

Management has evaluated subsequent events through September 24, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

**EXHIBIT F-1 TO THE DISCLOSURE DOCUMENT**
**LIST OF CURRENT FRANCHISEES**

The following is a list of the names of all current franchisees and the address and telephone number of each of their outlets as of our last fiscal year end:

**Operational Outlets (as of December 31, 2025):**

None

**Franchise Agreement Signed But Outlet Not Yet Open (as of December 31, 2025):**

| | |
|---|---|
| CALIFORNIA | |
| Prachi<br>Tuljai LLC<br>(510) 213-8027 | Fremont, CA |
| Radhika<br>SF Bay Schools LLC<br>(408) 320-6097 | Santa Clara, CA |
| NORTH CAROLINA | |
| Jenna & Derrick<br>FRAQTA LLC<br>(919) 307-5803 | 260 Horizon Dr Raleigh, NC 27615 |
| Luwam & Justin<br>OneWorld Education Partners, LLC<br>(704) 237-0131 | Charlotte, NC |
| WASHIGTON | |
| Taylor & Kosal<br>Bella WKS LLC<br>(253) 254-6367 | 5616 Delridge Wy SW, Seattle, WA 98106 |
| Sumara & Babur<br>WORLDWISE LEARNING LLC<br>(425) 470-2953 | 5101 Woodlawn Ave, Everett, WA 98203 |
| Laura & Matthew<br>WKS LMH SCHOOL LLC<br>(425) 533-9779 | 14508 NE 20th St Suite #100, Bellevue, WA 98007 |

***We identify any franchisees that were area developers with an asterisk (there are none in the List above).**

**EXHIBIT F-2 TO THE DISCLOSURE DOCUMENT**
**LIST OF FORMER FRANCHISEES**

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**None.**

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**
**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

[Not to be used as to any franchise sale in or to residents of CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI]

You and we are preparing to enter into a Franchise Agreement. This Acknowledgement is to determine whether any statements or promises were made to you that we did not authorize or are untrue, inaccurate or misleading, to ensure you have been properly represented, and that you understand the limitations on claims you may make relating to your franchise. **You cannot sign or date this Acknowledgement the same day as the Receipt for the Franchise Disclosure Document. You must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses.

Yes__ No__ l. Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?

Yes__ No__ 2. Do you understand all the information contained in the Franchise Agreement?

Yes__ No__ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes__ No__ 4. Do you understand all the information contained in the Franchise Disclosure Document?

Yes__ No__ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes__ No__ 6. Do you understand the risks of developing and operating this franchise?

Yes__ No__ 7. Do you understand that your investment involves substantial business risks and that there is no guarantee that your business will be profitable?

Yes__ No__ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, the economy, labor and supply costs and other relevant factors?

Yes__ No__ 9. Do you acknowledge that the success of your franchise in large part relies upon your ability as an independent business person and your active participation in the day to day operation of the business?

Yes__ No__ 10. Do you agree that no employee or other person speaking on our behalf has made any statement, promise, or agreement, that is contrary to or different from what is stated in the Franchise Disclosure Document and Franchise Agreement?

Yes__ No__ 11. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue you will generate, that is not contained in Item 19 of the Franchise Disclosure Document or that is contrary to, or different from, the information contained in Item 19 of the Franchise Disclosure Document, and that you have not made a decision to purchase your franchise based on any such representations?

Yes__ No__ 12. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning this franchise, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law or the Washington Franchise Investment Protection Act.

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

By signing below, you are representing that you have responded truthfully to the above questions.

_____
Name of Applicant (please print)

_____
Signature

Date: _____

**Explanation of any negative responses (Refer to Question Number):**

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**
**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

**CALIFORNIA ADDENDUM**
**TO FRANCHISE DISCLOSURE DOCUMENT**

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker 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 these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 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.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The franchise agreement requires binding arbitration. Arbitration will occur in Seattle, Washington. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of Washington State. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS

UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at https://worldkidsschool.com/

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

The highest interest rate allowed by law in California is ten percent (10%) annually.

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

**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.**

**CALIFORNIA ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Section 16.2 is deleted and in its place are substituted the following:

**16.2.1 Termination by Us Without Right to Cure.** We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 16.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

**16.2.2 Termination by Us with Opportunity to Cure**. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

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

Section 24 to the Franchise Agreement, titled "Acknowledgments," is hereby deleted.

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**HAWAII ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Hawaii Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

Initial Fee Deferral:

Item 5 of the Disclosure Document is amended by adding the following:

The Department of Commerce and Consumer Affairs requires that the franchisor defer the collection of the initial franchise fee from Hawaii franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business. For any development agreement, the total amount to be collected must be prorated and collected by the franchisor as each outlet is opened under the development agreement.

**HAWAII ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Initial Fee Deferral:

The Franchise Agreement is amended by adding the following:

The Department of Commerce and Consumer Affairs requires that the franchisor defer the collection of the initial franchise fee from Hawaii franchisees until the franchisor has completed all of its pre-opening obligations and franchisee is open for business. For any development agreement, the total amount to be collected must be prorated and collected by the franchisor as each outlet is opened under the development agreement.

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**ILLINOIS ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law applies.

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

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

4. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

6. Surety Bond.

Item 5 of the Disclosure Document is supplemented with the following: "Based on our current financial condition, the Illinois Attorney General's Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General's Office."

**ILLINOIS ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

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

3. Franchisee rights upon termination and non-renewal are in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

6. Surety Bond.

The Franchise Agreement is supplemented with the following: "Based on our current financial condition, the Illinois Attorney General's Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General's Office."

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**ILLINOIS ADDENDUM**
**TO THE AREA DEVELOPMENT AGREEMENT**

If any of the terms of the Area Development Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Area Development Agreement.

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

3. Franchisee rights upon termination and non-renewal are in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

6. Surety Bond.

The Area Development Agreement is supplemented with the following: "Based on our current financial condition, the Illinois Attorney General's Office has required a financial assurance which is being satisfied by posting a surety bond which we filed with the Illinois Attorney General's Office."

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**MARYLAND ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Item 17.u. is modified to also provide, "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17.v. is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

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

**MARYLAND ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

Section 24 of the Franchise Agreement, titled "Acknowledgements," is deleted.

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**MARYLAND ADDENDUM**
**TO THE AREA DEVELOPMENT AGREEMENT**

If any of the terms of the Area Development Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

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| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**MINNESOTA ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

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

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- 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 for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
Item 6 of the Disclosure Document is modified to reduce the fee for insufficient funds to $30.

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

**MINNESOTA ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- 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 for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Section 3.8 of the Franchise Agreement is modified to reduce the fee for insufficient funds to $30.

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

| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
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| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**MINNESOTA ADDENDUM**
**TO THE AREA DEVELOPMENT AGREEMENT**

If any of the terms of the Area Development Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- 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 for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

  Also, a court will determine if a bond is required.

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

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**NEW YORK ADDENDUM**
**TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

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

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**NORTH DAKOTA ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

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

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Jurisdiction and Venue: The provisions concerning choice of law and jurisdiction and venue are hereby deleted and in their place is substituted the following language:

"You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(u) of the Disclosure Document is modified to provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

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

**NORTH DAKOTA ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

> "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

> "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

4. The provision concerning limitation of actions is modified to provide that the statute of limitations under North Dakota Law will apply.

5. The provision concerning mediation and arbitration are modified to also provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the franchise agreement.

7. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
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| By:_____ | By:_____ |
| By:_____ | Date:_____ |

## RHODE ISLAND ADDENDUM

## TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

> Rhode Island law applies.

**RHODE ISLAND ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

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| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**SOUTH DAKOTA ADDENDUM**
**TO THE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

As to franchises governed by the South Dakota Franchise laws, if any of the terms of the Disclosure Document and/or Franchise Agreement are inconsistent with the terms below, the terms below control.

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

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| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

## VIRGINIA ADDENDUM
## TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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.

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

## WASHINGTON ADDENDUM
## TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Washington Franchise Investment Protection Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

Item 17.r. is modified to also provide that the post-term non-compete will only apply to a 25 mile radius of

your Franchised Business.

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

**Use of Franchise Brokers**. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully evaluate any information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Surety Bond-

The Disclosure Document is modified to also provide:
A surety bond in the amount of $100,000 has been obtained by the franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

**WASHINGTON ADDENDUM**
**TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 4.2.8 of the Franchise Agreement, titled "Successor Term" is modified to also state that any release signed by a renewing franchisee does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCS 19.100, or the rules adopted thereunder.

The maximum allowable lost future royalties per Section 17.1(d) of the Franchise Agreement, titled "Actions to be Taken," is limited to the earlier of 24 months following the date of termination or the scheduled expiration date of the term.

Section 17.2.2(a) is modified to also provide that the post-term non-compete will only apply to a 25 mile radius of your Franchised Business.

Section 17.4 of the Franchise Agreement, titled, "Franchisor's Option to Purchase Certain Business Assets," is modified to indicate that Franchisor shall purchase the assets referenced in the statute at their fair market value at the time of the expiration of the franchise based on the franchisor's refusal to renew or the termination of the franchise upon an expiration or termination with good cause, with such amounts permitted to be offset by any amounts owed by the franchisee to the franchisor."

Section 18.2(f) of the franchise agreement, titled "Transfer by Franchisee to a Third Party," is modified. Any release signed by a transferring does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

Section 21.3 of the Franchise Agreement, titled, "Indemnification," is modified to also provide that, notwithstanding any provision in the Franchise Agreement to the contrary, Section 21.3 of the Franchise Agreement is hereby revised to state that franchisees shall have no obligation to indemnify or hold harmless an indemnified party for losses to the extent they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

Section 23.6 of the Franchise Agreement, and Section 6(f) to Schedule 2 to the Franchise Agreement, titled, "Limitation of Actions," are deleted.

Sections 24.1, 24.2, 24.4, and 24.5 of the Franchise Agreement are deleted.

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

Surety Bond-

The Franchise Agreement and Area Development Agreement is modified to also provide:
A surety bond in the amount of $100,000 has been obtained by the franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

The undersigned does hereby acknowledge receipt of this addendum.

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|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

**WISCONSIN ADDENDUM**
**TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide:

   If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**WISCONSIN ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

2. The Franchise Agreement is amended to also include the following language:

   With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

| | |
|---|---|
| FRANCHISEE: | FRANCHISOR:<br>WKAF LLC |
| By:_____ | By:_____ |
| By:_____ | Date:_____ |

## EXHIBIT I
## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | Pending |
| Hawaii | Pending |
| Illinois | Pending |
| Indiana | Pending |
| Maryland | Pending |
| Michigan | Pending |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | Pending |
| Rhode Island | Pending |
| South Dakota | Pending |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | Pending |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT J TO THE DISCLOSURE DOCUMENT
## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If WKAF LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If WKAF LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

The franchisor is WKAF LLC, located at 6523 California Avenue SW, Seattle, WA 98136. Its telephone number is 206-853-2178. We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

Issuance Date: March 31, 2026

The following is the name, principal business address, and telephone number of the franchise seller offering the franchise:

| | | |
|---|---|---|
| | Nicole Chaudry, 6523 California Avenue SW, Seattle, WA 98136 | 206-853-2178 |
| | Laura Vollmann, 6523 California Avenue SW, Seattle, WA 98136 | 206-853-2178 |
| | Victoria Ita, 6523 California Avenue SW, Seattle, WA 98136 | 206-853-2178 |

I have received a Franchise Disclosure Document dated March 31, 2026 including the following exhibits on the date listed below:

A. List of Agencies/Agents for Service of Process
B. Franchise Agreement
C. Operations Manual Table of Contents
D. Area Development Agreement
E. Financial Statements
F-1 List of Current Franchisees
F-2 List of Former Franchisees
G. Franchisee Disclosure Questionnaire
H. State Addenda
I. State Effective Dates
J. Receipts

Please sign and print your name below, date, and return one copy of this receipt to WKAF LLC and keep the other for your records.

_____ _____
Date of Receipt Print Name

_____
Signature

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If WKAF LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Please sign and print your name below, date, and return one copy of this receipt to WKAF LLC and keep the other for your records.

_____ _____

Date of Receipt Print Name

_____

Signature