

## FRANCHISE DISCLOSURE DOCUMENT



**Do The Beach Franchising, LLC,**  
a Florida limited liability company  
7431 Sawyer Circle,  
Port Charlotte, Florida 33981  
941-456-9599  
franchising@dothebeach.com, and  
www.dothebeach.com

The franchise offered is a beach-themed inflatable adventure park under the Do The Beach trademark. We also offer area development rights to develop and operate multiple Do The Beach Adventure Park franchises.

The total investment necessary to begin operation of a Do The Beach Adventure Park franchise is between \$889,900 and \$2,520,700. This includes between \$195,000 and \$669,000 that must be paid to the franchisor or affiliate. There is no incremental initial investment cost if you become an area developer, but you will have to pay us an initial fee of \$40,000 for the first Do The Beach Adventure Park you are required to develop and \$20,000 for each additional Do The Beach Adventure Park you must open if you sign an Area Development Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Robin Whincup at 7431 Sawyer Circle, Port Charlotte, Florida 33981 and 941-456-9599.

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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: July 17, 2025

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

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

Consider these facts about franchising before investing in any franchise:

1. **Continuing Responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.
2. **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 franchised business or may harm your franchised business.
3. **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.
4. **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.
5. **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.
6. **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.
7. **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 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 [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 [State] than in your own state.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

**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 the 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 license of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area 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 obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 6TH FLOOR, LANSING, MICHIGAN 48933, (517) 373-7117.**

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE DISCLOSURE DOCUMENT, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT C**, IN THE STATE SPECIFIC FRANCHISE AGREEMENT AMENDMENTS IN **EXHIBIT E**, OR IN THE STATE SPECIFIC AREA DEVELOPMENT AGREEMENT AMENDMENTS IN **EXHIBIT G**, EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND RIGHT BEFORE THIS TABLE OF CONTENTS.

## Item 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Do The Beach Franchising, LLC, and will be referred to in this document as “**Franchisor**”, “**we**”, “**us**” or “**our**”. A person who buys a franchise from us will be referred to as “**you**.” If you are a corporation, partnership or other entity, “you” also includes owners, your partners, shareholders and any other person or entity directly or indirectly owning an interest in you.

We are Do The Beach Franchising, LLC, a Florida limited liability company organized on August 18, 2023. Our principal place of business address is 7431 Sawyer Circle, Port Charlotte, Florida 33981. We conduct business under the name “Do The Beach Adventure Parks” and “Do The Beach”. Our agents for the service of process are disclosed in **Exhibit B**.

#### Parents, Predecessors and Affiliates

Our parent is LS11 Holdings LLC, a Florida limited liability company, whose principal business address is 7431 Sawyer Circle, Port Charlotte, FL 33981.

We do not have any predecessors.

Our affiliates include Galaxy America Inc., a Florida corporation, whose principal place of business is 7431 Sawyer Circle, Port Charlotte, Florida 33981. Our affiliate manufactures amusement rides, inflatable theme parks and other attractions.

#### The Franchises We Offer

We grant franchises for a beach-themed inflatable adventure park to be operated under the Do The Beach Adventure Parks name. We may grant qualified parties area development rights to develop and operate multiple Do The Beach Adventure Parks locations in a designated development territory. We do not operate businesses of the type being franchised to you. We do not engage in other business activities and have never offered franchises in any other line of business.

The business you will conduct (we will call it the “**Franchised Business**”) refers to a business using our Do The Beach Adventure Parks service mark and associated logos and symbols we designate from time to time (we will call these marks, logos and symbols the “Proprietary Marks”) to provide beach-themed inflatable adventure park services and entertainment to guests. The Franchised Business will use the methods and procedures we have developed (our “**System**”) and includes standards and methods of operation, accounting, marketing, advertising and public relations, and the standards for conducting a Franchised Business. Our standards and procedures for conducting a Franchised Business are set forth in our Operations Manual. You will have to enter into a separate Franchise Agreement for each Franchised Business location.

If we grant you area development rights, you and we will enter into an area development agreement (the “**Area Development Agreement**”) that gives you the right to open multiple Franchised Business locations. The Area Development Agreement will contain a development schedule that specifies the number of Franchised Businesses you are to open, the geographic area the locations must be located in, and the timetable for opening. We will negotiate the development schedule with you before we enter into the Area Development Agreement. For

each Franchised Business you open under an Area Development Agreement you will have to sign the form of Franchise Agreement that we use at the time the Franchise Agreement is entered into, but your royalty and other fees will stay the same.

All owners of a franchisee or area developer will be required to sign an Owner's Acknowledgement, agreeing to be bound by provisions in the Franchise Agreement and Area Development Agreement that apply to them personally. They will also be required to sign a personal guaranty guaranteeing the franchisee's performance and a Covenant Agreement in which they agree to keep our proprietary information confidential and agree not to compete with the Do The Beach Adventure Parks brand.

### **General Market For Your Products or Services**

Do The Beach Adventure Parks locations are intended to attract the whole family and people of different age groups, with a focus on families with younger children. Activities such as an inflatable obstacle course and other inflatable indoor entertainment options are intended to attract a broad segment of consumers. This is a developed market. We do not expect the business to be seasonal.

### **Competition**

As a franchisee, you will compete with other national regional and local family entertainment centers and trampoline parks and other companies providing similar services, such as Urban Air, Dave and Busters, and Bounce Empire.

### **Laws and Regulations**

You should consider that certain aspects of your Franchised Business are regulated by federal, state, and local laws, rules, and ordinances. For example, laws and regulations may require that inflatables, bouncy houses, and amusement park attractions be subject to inspection, carry minimum insurance, obtain licenses, post warnings and signs on the premises, keep logs of injuries, or show safety videos to customers. These regulations may vary significantly between jurisdictions and are likely to change over time. In addition to laws applicable to inflatables and bouncy houses, you must also comply with other laws, regulations and ordinances that apply to your business. For example, you will be serving food to guests and your Franchised Business must comply with all requirements for food service and preparation, including health and safety regulations. The inflatables in your Franchised Business are subject to the standards developed by ASTM International. ASTM International is an industry organization, and while its standards may not be legally binding, we require that you comply with those standards as they relate to the regulation and safety of inflatables.

Check with a lawyer to learn about specific laws applicable to your business.

### **Our Prior Experience**

While we only started offering franchises for Do The Beach Adventure Parks locations as of November 8, 2023 and neither we, nor any of our affiliates that offer products or services to our franchisees, have offered franchises in any other lines of business, our management has experience from other entertainment-focused franchise systems. Our Vice President of Finance, Curt Skallerup, is one of the founders of the Altitude Trampoline Park franchise system which offers recreational entertainment facilities featuring trampolines and other

activities, as well as a founder and CEO of the LARKS franchise system, which offers family entertainment centers combined with a restaurant. Our CEO, Robin Whincup, has manufactured and designed inflatable adventure parks since 2018.

### **Your Owner' s Obligations**

If you are an entity, all Owners must sign an Owner's Guaranty in the form attached to the Franchise Agreement or Area Development Agreement. In addition, all Owners must sign the Owner's Acknowledgement in the Franchise Agreement or Area Development Agreement agreeing to accept and be bound by their separate rights and obligations in the Franchise Agreement or Area Development Agreement.

## **Item 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer: Robin Whincup**

Robin is one of our founders and since our inception has served as our Chief Executive Officer. He has served as the President of Galaxy America Inc. in Port Charlotte, Florida, since its inception in January 2009. He is based out of Port Charlotte, Florida.

### **Chief Operating Officer: Michael Whincup**

Michael is one of our founders and since our inception has served as our Chief Operating Officer. He has served as the Vice President of Galaxy America Inc. in Port Charlotte, Florida, since its inception in January 2009. He is based out of Port Charlotte, Florida.

### **Vice President - Finance: Curtis (Curt) Skallerup**

Curt is one of our founders and since our inception serves as our Vice President of Finance. He has been the manager of Volume Entertainment, LLC in Southlake, Texas since its inception in August 2020. He has been the CEO of Larks, LLC, in Southlake Texas since its inception in March 2020. He has also been the president of J&C IP, Inc. from August 20, 2013. He maintains his offices in Southlake, Texas.

## **Item 3 LITIGATION**

### **Concluded Actions:**

Bump It Up, LLC v. SR Park Enterprises, LLC, f/k/a Vertical Trampoline Park Enterprises, LLC and d/b/a/ Altitude Trampoline Parks; SR Franchising, LLC f/k/a Altitude Franchising, LLC; J&C IP, Inc.; SR Concept 2, LLC f/k/a Altitude H2O, LLC, SR Concept 2 Franchising, LLC f/k/a Altitude H2O Franchising, LLC and Curtis Skallerup, District Court, Tarrant County, Texas, Case No. 067-302989-18, filed September 17, 2018. Bump It Up, LLC ("BIU"), an Altitude Trampoline Park franchisee, filed suit against defendants seeking unspecified damages, punitive damages and attorneys' fees relating to an alleged breach of the license agreement BIU had entered into with SR Franchising, LLC, f/k/a Altitude Franchising, LLC on or about December 1, 2013. BIU alleged that defendants violated the exclusive territory provision in the license agreement and the right of first refusal provision by allowing third parties to open Altitude Trampoline Parks in the exclusive territory or without first offering locations located in

the right of first refusal area to BIU. On December 20, 2018, BIU filed a first amended petition, adding claims for fraud in the factum and fraudulent inducement, violation of the Texas Deceptive Trade Practices Act and Texas Business Opportunities Act, negligent misrepresentation, civil conspiracy and aiding and abetting, and declaratory judgment based on the same facts. On March 8, 2019, BIU filed a third amended petition that omitted claims alleging violations of the Texas Deceptive Trade Practices Act and Texas Business Opportunities Act. Defendants entered into a settlement agreement with BIU dated April 16, 2019, under which defendants were required to pay BIU a settlement amount of \$1,075,000, and BIU executed an amendment to its license agreement which terminated and relinquished any right of first refusal it may have had, and which further limited the geographic scope of its protected territory. On July 2, 2019, the court entered an order on plaintiff's motion to dismiss all claims with prejudice.

Jim Kamp v. SR Park Enterprises, LLC f/k/a Vertical Trampoline Park Enterprises, LLC and d/b/a Altitude Trampoline Parks; SR Franchising, LLC f/k/a Altitude Franchising, LLC; J&C IP, Inc.; and Curtis Skallerup, District Court, Tarrant County, Texas, Case No. 017-302814-18, filed September 11, 2018. Jim Kamp ("Kamp") sued Curtis Skallerup ("Skallerup") and certain of his Altitude Trampoline Park companies seeking damages, punitive damages, and attorneys' fees relating to an alleged breach of an alleged oral agent development agreement between Kamp and defendants. Kamp alleged that he was owed compensation for introducing prospective franchisees to Altitude and performing other services. He also alleged that the defendants were his employers, joint employers, or co-employers. In addition to a claim for breach of contract, the complaint included claims for quantum meruit, a common law claim for wages, and fraud and fraudulent inducement. On December 20, 2018, Kamp filed a first amended petition changing his breach of contract claim to also allege quasi contract and changing his fraud claim to also allege fraud in the factum and fraudulent inducement. He sought damages in excess of the amount of \$917,575.75. Defendants entered into a settlement agreement with Kamp, which required the defendants to pay a settlement amount of \$200,000 to Kamp, and Kamp executed an amendment to his license agreement which terminated and relinquished any right of first refusal he may have had, and under which Kamp would be entitled to certain assistance in finding a potential buyer to purchase his existing trampoline park. On November 4, 2019, the court entered an order on plaintiff's motion to dismiss all claims with prejudice.

ATP Holding Company, LLC ("ATPH") v. Curtis Skallerup, Jeffrey A. Rutten, SR Franchising, LLC f/k/a Altitude Franchising, LLC, SR Management 2018, LLC f/k/a L&A Altitude Management LLC, Spike Apparel, LLC, SR Metal, LLC f/k/a ATP Metal, LLC, J&C IP, INC., SR IP, LLC f/k/a ATPIP, LLC, SR Little Rock Management, LLC f/k/a ATP Little Rock Management, LLC, SR Park Enterprises, LLC f/k/a Vertical Trampoline Park Enterprises, LLC, SS RR Park, LLC f/k/a Altitude at Round Rock, LLC, Virgo LLC, SR Concept 2, LLC f/k/a Altitude H2O, LLC, SR Concept 2 Franchising, LLC f/k/a Altitude H2O Franchising, LLC, Superior Court, Delaware, Case No. N20C-05-098 MMJ CCLD, filed May 11, 2020. ATPH filed suit against Curt Skallerup ("Skallerup") and the other defendants, which were the predecessor of ATPH and certain affiliates and owners of the predecessor (the "Predecessor Parties"). ATPH asserted that the Predecessor Parties made inaccurate and fraudulent representations to ATPH in connection with the acquisition of the Altitude Trampoline Parks franchise system from the predecessor. ATPH's claims included breach of representations and warranties under the asset purchase agreement governing the Acquisition (the "APA"), fraud, and indemnity. ATPH sought rescissory, actual and punitive damages, costs and attorneys' fees. In response, on July 15, 2020, Skallerup and the other Predecessor Parties filed a motion to dismiss ATPH's complaint. Skallerup and the other Predecessor Parties also filed a lawsuit, Curtis Skallerup, Jeffrey A.

Rutten, SR Franchising, LLC f/k/a Altitude Franchising, LLC, SR Management 2018, LLC f/k/a L&A Altitude Management LLC, Spike Apparel, LLC, SR Metal, LLC f/k/a ATP Metal, LLC, J&C IP, INC., SR IP, LLC f/k/a ATPIP, LLC, SR Little Rock Management, LLC f/k/a ATP Little Rock Management, LLC, SR Park Enterprises, LLC f/k/a Vertical Trampoline Park Enterprises, LLC, SS RR Park, LLC f/k/a Altitude at Round Rock, LLC, Virgo LLC, SR Concept 2, LLC f/k/a Altitude H20, LLC, SR Concept 2 Franchising, LLC f/k/a Altitude H20 Franchising, LLC v. ATP Holding Company, LLC, Court of Chancery of the State of Delaware, Case No. 2020-0582, filed July 15, 2020. The Predecessor Parties sought declaratory judgment that ATPH was not entitled to indemnity under the APA. The Predecessor Parties further alleged that ATPH fraudulently induced its former executives, Skallerup and Jeff Rutten, to enter into separation agreements, breached the separation agreements, and breached the APA and other agreements signed in connection with the Acquisition, including the escrow agreements, lease agreement, and promissory notes. The Predecessor Parties sought actual and consequential damages and other remedies, or, in the alternative, that the court compel the parties to arbitrate their disputes. On September 2, 2020, ATPH filed a motion to dismiss the Predecessor Parties' claims. On October 1, 2020, the Predecessor Parties filed an amended complaint, adding, among other things, a claim for rescission of the separation agreements. On October 15, 2020, ATPH filed a motion to dismiss the amended complaint. On December 4, 2021, the parties settled all claims and released all other claims against each other. The settlement required ATPH to pay Mr. Skallerup and Mr. Rutten each approximately \$1,500,000 held in escrow and ATPH retained approximately \$470,000, the total of which was the remaining balance of the purchase price under the APA. In addition, Mr. Skallerup and Mr. Rutten transferred their respective equity interests in ATPH and waived outstanding amounts owed by ATPH to them under certain promissory notes signed under the terms of the APA. The parties also terminated all other agreements between them. On December 9, 2021, the proceedings in the Delaware Court of Chancery were dismissed with prejudice. On December 13, 2021, the proceedings in the Delaware Superior Court were dismissed with prejudice.

William Pruitt v. Gastonia ATP, LLC d/b/a Altitude Trampoline Park, ATP Alpha, LLC, Tim Kurtz, Altitude Franchising, LLC, ATP Franchising, LLC, SR Franchising, LLC, ATP Holding Company, LLC, ATP Investment Company, LLC, NRD Partners II, L.P., SR Management 2018, LLC, ATP IP, LLC, SR IP, LLC, Fun Spot Manufacturing, LLC, ABEO North America, Inc., ATP Operations, LLC, L&A Altitude Management, LLC, and Curt Skallerup, Superior Court, Gaston County, North Carolina, Case No. 20-CVS-4241, filed December 1, 2020. Plaintiff filed an amended complaint on August 27, 2021, against Curt Skallerup ("Skallerup") and companies in which he has or has had an ownership interest in (SR Franchising, LLC, f/k/a (formerly known as) Altitude Franchising, LLC, SR Management 2018, LLC, f/k/a L&A Altitude Management, LLC, SR IP, LLC, f/k/a ATPIP, LLC) (collectively "SR Entities") (the only entities in which Skallerup still has an ownership interest) as well as the Altitude Trampoline Park successor companies (ATP Franchising, LLC, ATP Holding Company, LLC, ATP Investment Company, LLC, NRD Partners, II, L.P., ATP IP, LLC, ATP Operations, LLC), ATP's franchisees (Gastonia ATP, LLC, ATP Alpha, LLC and one of their principals, Tim Kurtz), and an equipment manufacturer. Plaintiff alleged that he was injured while jumping at a trampoline park. Plaintiff asserted claims for negligence, gross negligence, negligence per se, product liability, and unfair and deceptive practices in violation of North Carolina's consumer protection statute, N.C.G.S. § 75-1.1, *et seq.* The unfair and deceptive trade practice claim alleged that the defendants misrepresented the safety of the trampolines. Plaintiff sought compensatory and treble damages, punitive damages, and attorneys' fees and costs. Skallerup and the SR Entities filed an answer to the amended complaint denying that plaintiffs were entitled to any relief against Skallerup and the SR Entities and asserted various affirmative defenses. In January 2024, the

parties reached a global settlement in which SR Franchising and Curt Skallerup agreed to pay a total of \$5,000.00, and plaintiff agreed to dismiss all claims with prejudice. On April 1, 2024, plaintiff filed a voluntary dismissal with prejudice with the court.

2434 South Interstate 35E Leasing, LLC and Milton 2434 South I-35, LLC v. Thomas Hjelm, Curtis Skallerup, Jeffrey Rutten, SR Park Enterprises, LLC f/k/a Vertical Trampoline Park Enterprises, LLC, J&C IP, Inc., Lunacrossing, Ltd., and Triangle Property Management, Inc., District Court of Denton County, Texas, Cause No. 22-4043-481, filed May 20, 2022. Plaintiffs' original Petition alleged breach of contract – guaranty to recover amounts Plaintiffs claim were allegedly due under a guaranty signed in 2015 by, among others, Mr. Skallerup, Mr. Rutten, and two entities in which they had an interest, SR Park Enterprises, LLC f/k/a Vertical Trampoline Park Enterprises, LLC and J&C IP, Inc. Mr. Skallerup allegedly signed the guaranty in his individual capacity when he was CEO and president of Altitude Franchising, LLC and in his capacity as president and CEO of SR Park and J&C in connection with a franchisee's lease for the operation of an Altitude Trampoline Park. In 2018, the existing franchisee sold the park and the lease was assigned to the new franchisee with new guarantors. The landlord alleged that the new franchisee tenant failed to pay rent during the Covid-19 pandemic. The original Petition sought \$639,778 for unpaid rent and other monthly lease amounts, plus interest, attorneys' fees, and costs from a number of alleged guarantors, including Mr. Skallerup. On September 6, 2022, Mr. Skallerup and related parties filed a third-party petition against Renegades of Fun, LLC (the new franchisee tenant), Bradley D. Jestis, and Tejal N. Jestis, all of whom were new lease guarantors, for indemnification of amounts allegedly owed under the lease and for attorneys' fees and costs. On March 12, 2024, Plaintiffs filed their Fourth Amended Petition in which they added a claim for fraud against the original franchisee tenant, Mr. Skallerup and related parties, and the new tenant and new guarantors in connection with the execution of an alleged amendment to the lease at the time the original franchisee sold the park to the new franchisee, seeking in excess of \$1.6 million in damages for unpaid lease amounts, plus attorneys' fees, pre-judgment and post-judgment interest, and costs. On March 22, 2024, Mr. Skallerup and related parties filed a Fourth Amended Third-Party Petition against Renegades of Fun, Bradley Jestis and Tejal Jestis seeking a declaratory judgment for indemnity, third-party liability, and alleging fraud by forgery/fraudulent misrepresentation/fraudulent inducement, and breaches of contract. On March 26, 2025, Mr. Skallerup, Mr. Rutten, SR Park Enterprises, LLC and J&C IP, Inc. agreed to settle Plaintiffs' claims in exchange for a mutual release of claims. Mr. Skallerup paid \$350,000, half of the settlement amount. Plaintiffs' claims against Mr. Skallerup and related parties were dismissed with prejudice. Mr. Skallerup's and the related parties' third-party claims against Renegades, Bradley Jestis and Tejal Jestis remain pending.

Other than the these actions, no litigation is required to be disclosed in this disclosure document.

#### **Item 4BANKRUPTCY**

In re: AJC ATP, LLC d/b/a Altitude Trampoline Park, Fort Lauderdale, Debtor, United States Bankruptcy Court, Southern District of Florida, Case No. 21-12503-PDR. The Debtor AJC ATP, LLC, whose principal place of business is 1709 E. Commercial Blvd., Fort Lauderdale, Florida, 33334-5737, voluntarily filed for Chapter 11 bankruptcy relief on March 16, 2021. We are not the debtor. Curt Skallerup, our CEO, is a minority member, manager and creditor of the debtor, but he was not actively involved in the operation of the debtor's business, nor did he have any

prior knowledge of, nor involvement in, the decision to file bankruptcy. On April 23, 2021, the court dismissed the case, with prejudice, for a period of six months from the date of the order, and ordered the debtor to release and disburse funds to a secured creditor and pay the United States trustee and bankruptcy clerk of the court outstanding fees and costs in connection with the case.

Other than this one action, no bankruptcy is required to be disclosed in this Item.

## **Item 5 INITIAL FEES**

### **Franchise Agreement:**

All franchisees pay a \$40,000 initial franchise fee to us when they sign the franchise agreement. The initial franchise fee is not refundable.

Besides the initial franchise fee, you must also make the following payments to us or our affiliates before your business opens:

You must purchase the inflatable attractions for your Franchised Business from our affiliate, Galaxy America Inc. The cost of the inflatable attractions, shipping and installation included is approximately between \$150,000 and \$600,000, depending on the size of your Location and the specific configuration of attractions that you select for your Franchised Business.

You will also need to sell safety socks for guests to use on the attractions, and you will have to purchase those from us. Before you open, you will need an initial inventory of safety socks for which you will have to pay us \$5,000. The Franchise Agreement specifies by when, at the latest, you must start construction on your Franchised Business, and also when construction, at the latest, must be completed. If you are not able to make those deadlines, you may request that we grant you an extension of the deadlines. The Franchise Agreement allows you to ask for up to 4 30-day extensions for the commencement of construction, and also for the completion of construction. It is in our discretion to decide if to grant the extensions, but if we do, you will have to pay us \$5,000 for each extension we grant.

Before you open, we will inspect your Franchised Business to confirm that it complies with our System standards. If you fail that inspection, we have the right to come back for a second inspection, to re-inspect. If we have to come back for a re-inspection, you will have to reimburse us for our expenses related to the re-inspection, such as our travel expenses. We estimate that the cost of a re-inspection will be between \$2,000 and \$4,000.

### **Area Development Agreement:**

If you sign an Area Development Agreement, part of the initial franchise fees for the Franchise Agreements you are committing to open are due to us no later than on the date of the Area Development Agreement. You will have to pay the full initial franchise fee under the Franchise Agreement for the first Franchised Business you will open pursuant to the Area Development Agreement and 50% of the initial franchise fee for the remaining Franchised Businesses that you will open. For example, if the Area Development Agreement is for the development of 3 Franchised Businesses in regular markets, you will pay \$80,000 at the time

you sign the Area Development Agreement: the full \$40,000 fee for the first location, and 50% (\$20,000) for each of the 2 additional locations. The fees paid are non-refundable.

**Item 6 OTHER FEES**

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Royalty	7% of Gross Revenue	Monthly	See Note 2.
Brand Development Fund	Up to 2% of Gross Revenue. Currently 0% of Gross Revenue.	Monthly	We currently don't collect a Brand Development Fund Fee but have the right to do so. It can be up to 2% of Gross Revenue.
Successor Agreement Fee	Then current successor agreement fee.	Upon signing of a successor Franchise Agreement	Payable if you and we agree to enter into a successor Franchise Agreement when the term of your Franchise Agreement expires. Since we just started franchising there is no successor agreement fee set at this time.
Technology Fund	Up to \$200/month, currently \$100/month	Monthly	This fee supports system-wide technology development and maintenance efforts, such as the website, intranet and network connectivity, the gift card platform, loyalty program platform, and other technology used by the entire Do the Beach franchise system.
Additional Training	Currently \$350 per day and trainer, plus travel and lodging.	Upon invoice	Payable if you request additional training, or if we determine you require additional training.
Annual Conference Fee	A reasonable fee intended to offset our expenses can be charged. Currently not charged.	Upon invoice	This fee is intended to offset our expenses for organizing an annual conference for our franchisees. You are likely to incur travel and lodging expenses in addition to this fee.
Extended Training Fee	\$5,000/month, plus travel cost	Upon invoice	If you choose to take advantage of the Extended

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
	we incur.		Training package, consisting of management supervisory services.
Mystery Shopper Fee	A reasonable fee intended to offset our expenses can be charged. Currently not charged.	Upon invoice	Fee to cover our expenses for using a third-party mystery shopping service to evaluate quality and service level compliance by our franchisees.
Administrative Assistance	A reasonable fee intended to offset our expenses and overhead for providing the assistance.	Upon invoice	Payable if you want assistance with administrative services, such as assistance with negotiations with your lenders, or preparation of agreements and other documents, we may also charge a reasonable fee, set by us, for such services.
Quality Audit Fee	Actual expense	Upon invoice	We may engage a third party to perform periodic (typically not more than quarterly) quality assurance audits of your Franchised Business. If we do so, you will have to reimburse us for the expense.
Alternative Supplier or Product Review Fee	The greater of \$500 and our actual cost	Upon invoice	Payable if you want to buy approved products or services from another supplier than one we have already approved, or if you want to buy different products or services than those we have approved. If, based on the review, we decide to approve the products, services, or supplier for the entire franchise system, we will reimburse you the review fee charged.
Advertising Cooperative Fee	Currently none, up to 2% of Gross Revenues	Upon demand	See Note 3.
Insufficient Funds Fee	\$100 per occurrence	Upon invoice	Payable for returned checks or insufficient funds within your EFT account.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Replacement Site Fee	\$5,000	Upon invoice	Payable if you don't acquire the initially approved location and you submit a replacement site for our consideration.
Replacement of Attractions	\$30/sqft	Upon invoice	The attractions equipment you purchase to begin the operations of your Franchised Business will have to be replaced during the term of your Franchise Agreement. Replacement is often of modules of equipment, and not all equipment at once, with more popular modules that experience more wear and tear having to be replaced sooner. Some modules may have to be replaced more than once during the term of your Franchise Agreement.

**Notes:**

- (1) These fees are uniformly imposed and are not refundable. None of these fees are imposed or collected on behalf of a third party. All fees are payable to us. Unless other collection procedures and time frames are stated specifically for a fee, it is collected by us on a monthly basis, by EFT.
- (2) **Gross Revenues and Royalty Percentage.** "Gross Revenues" means revenues attributable to or derived from the operation of the Franchised Business, including, but not limited to, from the sale of all food, beverages, products, merchandise, and services related to the Franchised Business, from participation in games and other entertainment offered by the Franchised Business (regardless of whether such food, beverages, games, entertainment, services or products are partaken in the Location or elsewhere), and all other income of every kind and nature related to the Franchised Business including, without limitation, income from gift and loyalty programs, and the proceeds of business interruption insurance, whether for cash, credit, barter, or otherwise, and regardless of collection in the case of credit, less any sales taxes or other taxes collected from your customers for transmittal to the appropriate taxing authority, and authorized discounts. Income from the sale of gift cards is excluded from Gross Revenues, but the redemption of gift cards is included, however we reserve the right to change the method of accounting and collection for gift cards and gift certificates upon

six (6) months' notice to you. Gross Revenues shall be accounted for in accordance with the accounting procedures set forth in the Manual from time to time.

If, due to federal, state or local laws, we are prohibited from receiving percentage royalty based on alcoholic beverage sales, gambling device revenues or other similar percentage payouts, you will pay us a Royalty Fee on all Gross Revenue except these alcoholic beverage sales, gambling device and/or other revenues in the same dollar amount as would have been.

- (3) **Advertising Cooperative.** If we start a local or regional advertising cooperative for your area, you will have to contribute up to 2% of your Gross Revenues to the cooperative, though your required local marketing expenditures will be reduced by the same amount as you contribute to the coop. If we or our affiliates own any Do The Beach Adventure Park locations that are members of the coop, those locations will have the same voting rights with respect to the coop and fees imposed by the coop, as franchised Do The Beach Adventure Park locations that are members.
- (4) **Transfers.** If control of the Franchisee doesn't change in the transfer, the transfer fee is \$1,500. If control of the Franchisee changes, the transfer fee is the higher of \$5,000 and the costs we incur in connection with the evaluation and approval of the transfer, including legal fees we incur. If the transfer involves a public offering, our transfer fee is the higher of \$25,000 and the costs we incur in connection with the evaluation, including legal and accounting fees we incur. If the transfer involves a private offering, our transfer fee is the higher of \$10,000 and the costs we incur in connection with the evaluation, including legal and accounting fees we incur. Under the Area Development Agreement, the transfer fee is the higher of \$5,000 and the costs we incur in connection with the evaluation and approval of the transfer, including legal fees we incur.
- (5) **Insurance.** During the term of the Franchise Agreement you must comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Franchised Business as well as all of our insurance requirements. Our requirements will be listed in the Operations Manual or as we may otherwise communicate from time to time. All insurance shall be procured at the earliest possible time that Franchisee has an insurable interest with respect thereto, but in no event later than the Opening, and shall be written by insurance companies with an A.M. Best rating of A-VI or greater. As of the Effective Date, at a minimum, Franchisee shall maintain the following:
  - (a) Commercial Property insurance on the Location and all boilers, machinery, improvements, and/or betterments in, on, or to the Location. Coverage shall be provided on a "Special Cause of Loss" form, not be subject to any coinsurance provisions, and be in an amount not less than the full replacement cost of the Location. Such coverage shall also include the following:
    - i. Electronic and data processing with a sublimit no less than \$25,000 each occurrence;
    - ii. Equipment Breakdown, including spoilage damage coverage;
    - iii. Business Income/Extra Expense coverage for loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Brand Development Fund, for any interruption in Franchisee's business operations, as well as the cost of

- conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild;
- iv. If the Location is located in an “earthquake prone zone” as determined by the U.S. Geological Survey, earthquake coverage with a limit equal to the full replacement cost of the Location or with a sublimit no less than such amount as agreed upon between Franchisor and Franchisee, or if not specified by the parties, as may be required by the Manual; and
  - v. If the Location is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood coverage with a limit equal to the full replacement cost of the Location or with a sublimit no less than such amount as agreed upon between Franchisor and Franchisee, or if not specified by the parties, as may be required by the Manual.
- (b) Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) \$1,000,000 each occurrence for bodily injury and property damage, (ii) \$1,000,000 each occurrence for personal and advertising injury, (iii) \$2,000,000 general aggregate, and (iv) \$2,000,000 products-completed operations aggregate. The general aggregate limit shall apply separately to the Location.
  - (c) Business Automobile Liability insurance covering all of Franchisee’s owned, non-owned, and hired automobiles with a minimum combined single limit of \$1,000,000 per accident for bodily injury and property damage.
  - (d) Workers’ Compensation and Employer’s Liability insurance for all employees that work at the Location, regardless of whether Franchisee is able to exempt itself under applicable state law from the Workers’ Compensation requirement, or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers’ Compensation coverage provided shall be in accordance with the laws of the state where the Location is located, and the Employer’s Liability coverage shall have limits of \$1,000,000 each accident for bodily injury by disease; \$1,000,000 each employee for bodily injury by disease; and \$1,000,000 policy limit for bodily injury by disease.
  - (e) Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of \$1,000,000 each occurrence and \$1,000,000 general aggregate.
  - (f) Commercial Crime insurance for losses arising out of or in connection with any fraudulent or dishonest act committed by employees of Franchisee.

During any construction work at the Location, Franchisee shall maintain or cause its general contractor or design-builder to maintain Builder’s Risk insurance or equivalent property insurance to cover that portion of the work to be constructed, installed, altered, or repaired, as well as premises liability insurance for the Location. Such coverage shall include the interests of Franchisor, Franchisee, any mortgagee, the general contractor or design-builder, any subcontractors, and any other party having an

interest in the work. Franchisee shall also flow down the requirements of this Section 12.1 to all contractors or design-builders performing such work, to the extent applicable.

- (6) **Liquidated Damages.** If you terminate the Franchise Agreement without cause, or if we terminate it for your breach, you will pay us liquidated damages to compensate us for the damages we incur as a result of you not operating your Franchised Business for the duration of the Franchise Agreement term. The liquidated damages will be an amount equal to the ongoing fees paid under the Franchise Agreement for the 24 months preceding your default. If you have operated for less than 24 months, then we will use the period of actual operation and project what those fees would have been over a 24-month period. The fees included in the calculation are ongoing fees listed in Section 4 of the Franchise Agreement and include royalty fees, brand development fund fees, web strategy and intranet fees, and pro-rata marketing and advertising fees.
- (7) **Periodic Adjustment of Fixed Fees.** Some fees that we may charge you are set as a fixed dollar amount. Because of inflation, the scope of services or products provided in exchange for the fee, or other cost increases we may experience in connection with providing the services or products, we have the right to increase fees set as a fixed dollar amount. We can increase those fees by up to 10% annually. The annual increase is cumulative, so if we do not increase a fee in any year, or we do not increase it by the full 10%, then in a subsequent year we may increase the fee not just by the 10% increase permitted in that year, but also with the increase permitted in previous years, which we did not use. For example, if a monthly fee is \$10 currently, and next year we do not change it, then the following year we could increase that fee to \$12.10. For fees that are the avoidance of doubt, any increase permitted by this Section does not impact any fees expressed as a percentage, but where fees are expressed as a percentage or a fixed dollar amount, the dollar amount that is part of such fee may be adjusted according to this Section.

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**Item 7 ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial Franchise Fee <sup>(1)</sup>	\$40,000	Lump Sum	Upon signing Franchise Agreement	Us
Training Expenses <sup>(2)</sup>	\$5,000 - \$10,000	As arranged	As incurred	Hotels/ airlines/ restaurants/ rental car
Real Property, whether purchased or leased <sup>(3)</sup>	See Note (3)	See Note (3)	See Note (3)	See Note (3)
Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements, and decorating costs, whether purchased or leased <sup>(4)</sup>	\$483,900 - \$1,696,700	As arranged	As incurred	Our affiliates, contractors, other approved vendors
Inventory and start-up to begin operating <sup>(5)</sup>	\$20,000 - \$40,000	As arranged	As incurred	Approved Suppliers
Security Deposits, utility deposits, business licenses and pre-paid expenses <sup>(6)</sup>	\$0 - \$102,000	As arranged	As incurred	Government agencies, landlord
Computer Equipment and Audio, Video and Security Systems <sup>(7)</sup>	\$61,000 - \$182,000	As arranged	As incurred	Approved Suppliers
Signage <sup>(8)</sup>	\$40,000 - \$60,000	As arranged	As incurred	Approved Suppliers
Pre-Opening and Grand Opening Marketing Advertising <sup>(9)</sup>	\$30,000 - \$50,000	As arranged	As incurred	Approved Suppliers

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Insurance <sup>(10)</sup>	\$20,000 - \$60,000	As arranged	As arranged	Insurance company
Professional Fees and Financing Fees <sup>(11)</sup>	\$90,000 - \$180,000	As arranged	As incurred	Attorneys, CPAs, lenders, and consultants
Additional Funds <sup>(12)</sup> - 3 months	\$100,000	As arranged	As incurred	Payroll, utilities, day to day and business operations costs, until the Franchised Business reaches break even.
Total	\$889,900 - \$2,520,700			

**Notes:**

The payments listed in this estimate are typically not refundable, though you may be able to negotiate different terms with the different vendors you will hire. The security deposits listed are typically refundable.

This is our best estimate on the costs you will incur to develop and open a franchised business based on our experience. The factors that underlie this estimate can vary considerably depending on a number of variables, and the actual investment you may make may be lesser or greater than the estimates given. There are no incremental initial investment costs if you become an area developer.

Neither we, nor our affiliates, finance any part of your initial investment.

This estimate is for the development of one Location. If you are signing an Area Development Agreement you will be opening several Locations. When estimating your initial investment you can use the estimate in this Item 7 to estimate the expenses of the first Location you will open. You can also use it for subsequent Locations, but you should consider that due to inflation and potential System changes that may be made between the issuance date of this Franchise Disclosure Document and the time when you are developing those subsequent locations, both

the low range and high range of the estimate in Item 7 will likely be higher. There are no incremental initial investment costs if you become an area developer.

- (1) **Initial Fee.** All franchisees pay a \$40,000 initial franchise fee to us when they sign the franchise agreement. The initial franchise fee is not refundable. If you sign an Area Development Agreement you will pay the full initial fee for the first Franchise Agreement you will sign at the time you sign the Area Development Agreement and at the same time you will pay 50% of the initial franchise fees for the rest of the Franchise Agreements you are committing to sign pursuant to the Area Development Agreement.
- (2) **Travel Expenses.** You (or if you are an entity, your owner) and your general manager must successfully complete initial training before you may open the Franchised Business. We do not charge a fee for initial training for those two trainees, but you must pay for the travel expenses, as well as room and board during the training. You are also responsible for the salaries of any of your trainees during the time of training.
- (3) **Real Property.** We cannot estimate your real estate costs in a low-high range. The cost per square foot of commercial space varies considerably depending upon the location and market conditions affecting commercial property. The approximate size of your property and building will be 12,000 to 30,000 square feet and its probable location would be second generation retail (existing buildings with a previous tenant with high foot traffic). The size of your Franchised Business will vary based on a number of factors, including how many attractions are offered.
- (4) **FF&E, Construction, Remodeling, Leasehold Improvements.** The most significant portions of this estimate are the leasehold improvement expenses and the cost for the inflatable and other attractions that you will need to purchase. Leasehold improvements, include expenses such as HVAC, electrical, plumbing, framing and drywall, plans, building permits and inspections, painting, demolition, roofing penetrations, concrete work, doors and hardware, fire sprinkler and alarm systems, flooring, equipment rental and maintenance, and similar construction-related costs, as well as the architect fees for architectural plans. The cost for the attractions will depend on the size of your Franchised Business, and also on the specific attractions you choose to include. Currently, the attractions that you may choose for Franchised Business include, for example, an inflatable park, the Meltdown, Kapow, a ninja course, climbing walls, and a soft play area. Shipping and installation of the attractions is also included in the estimate. Furniture and fixtures required also include breakroom appliances, lockers and furniture, office furniture, and cubbies for shoe storage, as well as café equipment. The café equipment includes a coffee machine, conveyor oven, commercial dishwasher, commercial fridge and freezer, ice machine, stainless tables, hotdog roller, a serving counter, and café tables and chairs. This estimate also includes the estimated expense for getting your Location-specific website up and running.
- (5) **Start-up Inventory and Supplies.** You will need to purchase staff uniforms, safety socks for customers, and a start-up food and beverage inventory before you open your Franchised Business.
- (6) **Security Deposits, Licenses and Permits.** Your landlord may require you to post a building security deposit, or to pre-pay rent for a period. The licenses and permits you

are required to obtain will vary by location, but may include, for example, a business license, and food and beverage-related permits.

- (7) **Computer Equipment and Audio, Video and Security Systems.** You will need an audio, video and security system for your Franchised Business. The most significant component of your computer system for operation of the Franchised Business is the point of sale system. This estimate also includes office computers and other hardware needed.
- (8) **Signage.** This cost is for exterior building signage, monument signage (when available), and any interior “Do the Beach” signage.
- (9) **Pre-Opening and Grand Opening Marketing and Advertising.** Starting 2 weeks before the scheduled opening of your Franchised Business and for 4 weeks thereafter you must start marketing your Franchised Business.
- (10) **Insurance.** You will have to obtain construction-related insurance policies before you start construction of your location. Before you may start operating your Location you will also need insurance for the operation of the Franchised Business. You will need to obtain the insurance required by the Franchise Agreement. This will include Builder’s Risk insurance, General Liability insurance, Property insurance, and Workers Comp insurance, as well as other policies. This estimate covers your down payment towards insurance premiums for the first year of operation.
- (11) **Professional Fees and Financing Fees.** You will likely hire an attorney and CPA to assist you with the start up of your business. We also expect that you will finance your investment. This estimate includes estimated bank closing costs, SBA guarantee fees, an interim interest reserve, and construction monitoring fees.
- (12) **Additional Funds.** We estimate (without making any warranty) that the initial period will be 3 months. You will need to have on hand sufficient additional capital to cover salaries for your employees and yourself. The estimate given is the amount of additional funds, in excess of revenues, we estimate you will need to cover these expenses during this initial phase. This estimate is based on anticipated salaries and debt service and our 12 years of experience in the family entertainment business. Our management has experience with several other brands in that business.

#### **Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Approved Suppliers and Specifications:** Except as listed below, neither we, nor any of our affiliates, currently require you to purchase or lease any goods, services, supplies, FF&E, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the franchised business either from us, our designees, or suppliers approved by us, or under our specifications.

To ensure the high and uniform standards of service and quality to be maintained by all Do The Beach Adventure Park locations, you must operate your Franchised Business in conformity with our methods, standards and specifications. You must purchase certain equipment for the entertainment options you make available at your Franchised Business, such as the inflatable adventure park attractions, safety apparel, such as socks and the software and

hardware for your point of sales system, under our specifications and only from our approved vendors. Certain kitchen equipment, and food and beverage must also be purchased under our specifications and only from approved vendors. We currently also have approved vendors you will have to use for marketing and PR.

You must also purchase the insurance coverage we require. During the term of the Franchise Agreement you must comply with all insurance requirements of any lease, mortgage, or deed of trust covering the Franchised Business as well as all of our insurance requirements. Our requirements will be listed in the Operations Manual or as we may otherwise communicate from time to time. At this time, all insurance must be obtained as early as possible, but at the latest no later than at that opening. It must be written by insurance companies with an A.M. Best rating of A-VI or greater. You must maintain the following insurance:

- (a) Commercial property insurance on the Franchised Business and all boilers, machinery, improvements, and/or betterments in, on, or to the Franchised Business. Coverage must be provided on a "Special Cause of Loss" form, not be subject to any coinsurance provisions, and be in an amount not less than the full replacement cost of the Franchised Business. Such coverage shall also include the following: (i) electronic and data processing with a sublimit no less than \$25,000 each occurrence; (ii) equipment breakdown, including spoilage damage coverage; (iii) business income/extra expense coverage for loss of profits and necessary continuing expenses, including coverage for payments of royalty fees and contributions to the Brand Development Fund, for any interruption in your business operations, as well as the cost of conducting a pre-opening review before reopening of the business in the event of closure for repairs or rebuild; (iv) if the Franchised Business is located in an "earthquake prone zone" as determined by the U.S. Geological Survey, earthquake coverage with a limit equal to the full replacement cost of the Location or with a sublimit no less than such dollar amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual; and (v) if the Franchised Business is located in whole or in part within an area identified by the Federal Government as having a special flood hazard, flood coverage with a limit equal to the full replacement cost of the Franchised Business or with a sublimit no less than \$such amount as agreed upon between us and you, or if not specified by the parties, as may be required by the Manual.
- (b) Commercial General Liability (CGL) insurance with coverage for bodily injury, personal injury, property damage, contractual liability, products liability, completed operations, and independent contractors, written on the latest ISO CG 00 01 occurrence form or equivalent. The policy shall have minimum limits of (i) \$1,000,000 each occurrence for bodily injury and property damage, (ii) \$1,000,000 each occurrence for personal and advertising injury, (iii) \$2,000,000 general aggregate, and (iv) \$2,000,000 products-completed operations aggregate. The general aggregate limit applies separately to the Franchised Business.
- (c) Business Automobile Liability insurance covering all of your owned, non-owned, and hired automobiles with a minimum combined single limit of \$1,000,000 per accident for bodily injury and property damage.
- (d) Workers' Compensation and Employer's Liability insurance for all employees that work at the Franchised Business, regardless of whether you are able to exempt itself under applicable state law from the Workers' Compensation requirement,

or whether the employees are full-time, part-time, temporary, seasonal, leased, or borrowed. The Workers' Compensation coverage provided shall be in accordance with the laws of the state where the Franchised Business is located, and the Employer's Liability coverage shall have limits of \$1,000,000 each accident for bodily injury by disease; \$1,000,000 each employee for bodily injury by disease; and \$1,000,000 policy limit for bodily injury by disease.

- (e) Excess or Umbrella Liability insurance which provides excess coverage over the underlying CGL policy with minimum limits of \$1,000,000 each occurrence and \$1,000,000 general aggregate.
- (f) Commercial Crime insurance for losses arising out of or in connection with any fraudulent or dishonest act committed by your employees.

During any construction work at the Franchised Business, you must also maintain or cause its general contractor or design-builder to maintain Builder's Risk insurance or equivalent property insurance to cover that portion of the work to be constructed, installed, altered, or repaired. Such coverage shall include our, yours, and the mortgagee's interests, as well as the interests of the general contractor or design-builder, any subcontractors, and any other party having an interest in the work.

We also have specifications for signage, furniture, fixtures and equipment you need to buy before opening your Franchised Business, as well as supplies used in the operation of the Franchised Business, but currently you can buy those types of items and products from any vendor, as long as they meet our specifications.

We and our affiliates may be an approved supplier, and may be the only approved supplier for some products or services. Our affiliate Galaxy America, Inc. is the only approved supplier for the amusement rides, attractions and socks.

One or more of our officers is a part-owner of us and our affiliate Galaxy America, Inc. which you must use for purchase of your amusement rides and attractions when you first start your business. We, or an affiliate that one or more of our officers will have an ownership interest in will also be an approved supplier for architectural services that you may, at your option, use.

We estimate that 60-80% of your initial purchases and 12-25% of your ongoing purchases of products and services will be purchases either from us, our affiliates, our designees, suppliers approved by us, or under our specifications.

We are a newly formed company and did not derive any revenue in 2024. In the future, part of our and our affiliates' revenue may be derived from required purchases and leases of products and services by franchisees.

**Alternative Suppliers and Alternative Products or Services:** You must obtain our approval to purchase any alternative products or services by submitting a written request to us with all applicable information, specifications or samples we may require. The same applies if you wish to purchase a product or service from an alternative supplier than the supplier we have approved for a product or service. However, we will not consider any alternative supplier or product for the inflatables and attractions for your Franchised Business. In each case we may charge a fee for the review. Currently, the fee is the higher of \$500 and our actual cost of

the testing and research required to evaluate the product or services. The fee is intended to cover our expenses incurred in the review of the alternative product or service, or the alternative supplier. The fee is payable to us at the time you submit the request for approval for the product or service (with any balance due against invoice). Within a reasonable time (our goal is 30 days or less), we will notify you whether the alternative product or service, or supplier, is approved. We do not issue particular specifications and standards to Franchisees for approving alternative suppliers, products or services and we do not make such criteria available to franchisees. If we revoke the approval of an alternative supplier, product, or service, you will be notified of the revocation in a manner we deem appropriate. Applications for approval are reviewed on a case-by-case basis.

**Relationship Between Us and Approved Vendors:** We may negotiate product and service purchase terms with vendors for the benefit of all Do The Beach Adventure Park locations, franchised as well as company-owned. We do not currently provide any material benefits to a franchisee based on a franchisee’s purchase of any particular services or use of particular suppliers. As part of those negotiations, it is possible that we will receive rebates or other material consideration from the vendor related to required purchases made by our franchisees. We may choose to pass such rebates on to the Brand Development Fund, or directly to you, but we are not required to do so. We did not receive any rebates from approved vendors based on franchisee purchases made in 2024 and neither we, nor our affiliates, had any revenue from required purchases or leases of products or services by franchisees.

Currently there are no purchasing or distribution cooperatives for the Do The Beach Adventure Park franchise system.

### Item 9 FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in agreement <sup>(1)</sup>	Disclosure document item
a. Site selection and acquisition/lease	FA §§2.2, 2.3, 2.8, 2.9, 5.1 ADA §§3.1, 3.2, 6.2, 7.1	5, 6, 7 & 11
b. Pre-opening purchases/leases	FA §§5.2, 5.3, 5.8	7 & 8
c. Site development and other pre-opening requirements	FA §§5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.8, 7.1, 7.2 ADA §§3.1, 6.2	6, 7 & 11
d. Initial and ongoing training	FA §§5.7, 7.2, 7.3, 7.4, 7.5	6, 7, 11 & 15
e. Opening	FA §5.7 ADA §§3.1.1, 6.2	7 & 11

<b>Obligation</b>	<b>Section in agreement<sup>(1)</sup></b>	<b>Disclosure document item</b>
f. Fees	FA §§2.8, 3.2, 4.1, 4.2, 5.3, 5.5, 5.7.D, 7.5, 7.9, 7.17, 7.18, 7.26, 7.27, 8.1.D, 8.3, 9.2, 9.3, 9.9, 10.4, 12.4, 12.5, 13.7, 13.9, 14.4, 14.5, 15.1, 15.2, 19.2.B, 19.7 and §§2 & 4 of Covenant Agreement. ADA §§5, 6.1, 10.2, 13.7	5, 6, 7 & 11
g. Compliance with standards and policies/operating manual	FA §§2.4, 2.5, 4.2, 5.3, 5.4, 5.6, 5.7, 7.1, 7.2, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.14, 7.23, 7.30, 8.1, 8.2, 8.8, 9.1, 10.1, 11.5, 11.6, 12.1, 12.5, 14.1.D	8, 11, 14 & 16
h. Trademarks and proprietary information	FA §§7.23, 7.24, 8.1, 11, 15.1 ADA §8	13 & 14
i. Restrictions on products/services offered	FA §§2.4, 2.5, 7.9, 8.1, 8.2	8 & 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	ADA §§3.1, 3.2, 6.2, Exhibits 1 and 2	12
l. Ongoing product/service purchases	FA §§7.6 & 8.1	8
m. Maintenance, appearance, and remodeling requirements	FA §§7.13, 7.14, 7.30	8 & 11
n. Insurance	FA §§12.1, 12.2, 12.3, 12.4	6, 7 & 11
o. Advertising	FA §§4.1.C, 7.23, 7.24, 8.1, 8.6, 9.	6, 7, 8 & 11
p. Indemnification	FA §§12.5 ADA §12.4	6, 17

Obligation	Section in agreement <sup>(1)</sup>	Disclosure document item
q. Owner participation/management/staffing	FA §§5.7, 7.2, 7.4, 7.5, and 7.8	11 & 15
r. Records and reports	FA §§7.8, 10.1, 10.2, 10.3, 10.4, 15.3	6 & 11
s. Inspections and audits	FA §§8.3, 8.4, 10.4	6 & 11
t. Transfer	FA §13 ADA §§10.2, 10.3, 10.4, 10.5	6, 15 & 17
u. Renewal	FA §§3.2 ADA §4.2	6
v. Post-termination obligations	FA §§11.2, 11.4, 11.12.B, 15, §2 of Covenant Agreement ADA §11.6	6, 11, 14 & 17
w. Non-competition covenants	FA §§11.7, 11.12 and 14.3, and Covenant Agreement ADA §9	17
x. Dispute Resolution	FA §§19 ADA §13 Accounting: §18	17
y. Owner's Guaranty/Owner's Acknowledgement	FA §§16.5 ADA §2.3, Exhibit 4 Accounting: Owners' Acknowledgement	1

**Notes:**

- (1) References to the Franchise Agreement are marked "FA", and references to the Area Development Agreement are marked "ADA".

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.

### **Item 10 FINANCING**

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

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

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

#### **Pre-Opening Site Selection Obligations**

Before you open your business, we will provide you with the following assistance:

**Site Location and Acceptance:** We will provide you with our criteria for your site and location, and its layout. You have to submit a proposed site to us for acceptance within 60 days of signing your Franchise Agreement. We will have 60 days after we receive all required information from you to accept or decline, at our sole discretion, the site as the location for the Franchised Business. (Franchise Agreement, Section 6.1). If you and we have not yet agreed on a general area for your Franchised Business when you and we sign the Franchise Agreement, we will sign a "Site to be determined" addendum to the Franchise Agreement in which we will together decide the time frame within which you and we must specify the general area in which you must find a site and how long you will have after that to propose a specific site.

Your site and its layout are subject to our acceptance. (Franchise Agreement, Section 6.1). It is your obligation to locate an appropriate site, but we will review it and, if it meets our System standards, accept it. The factors that we will consider in accepting your site include general location and neighborhood, physical characteristics of any existing building, traffic patterns and visibility of the location, parking, size, lease terms and local competition. (Franchise Agreement, Section 5.1). Our acceptance of the site does not in any way guarantee that the site will become a profitable Property.

If we decline your initial proposed site, we will give you the opportunity to submit another site for our consideration. If that site is also not accepted by us, we have the right to terminate the Franchise Agreement. You should also be mindful of the construction-related deadlines in the Franchise Agreement. It contains deadlines for starting and finishing construction that are tied to the effective date of the Franchise Agreement. You must start construction within 120 days of the agreement (or 60 days from when a building permit is ready for issuance, if sooner). You can request up to 2 30-day extensions of the construction commencement deadline for a fee of \$5,000 each. It is in our discretion whether to grant the extension. (Franchise Agreement, Section 5.3). You must complete your conversion or construction work and be opened for business within 270 days of signing your Franchise Agreement. (Franchise Agreement, Section 5.5) If you cannot meet this deadline, you can request up to 4 30-day extensions of time to complete construction. We charge a \$5,000 fee per extension granted. We may grant or reject your request for an extension in our sole discretion.

Though you are not required to do so, we strongly recommend that you use a real estate broker recommended by us to assist you in locating your site.

**Lease Review:** An Addendum to Lease is provided to you as part of the Franchise Agreement (Exhibit H). It includes terms that we require that your lease include. It is up to you though to negotiate the terms of your lease. We do not typically own the site that you will operate your Franchised Business from, but may do so in the future. If you own the land on which the Franchised Business will be located, you do not need to execute the Addendum to Lease.

**Plans and Specifications:** We will provide you with our layout requirements for your Franchised Business, and discuss layout with you. You must submit information to us about your chosen architect and general contractor. You must also submit your architectural plans to us for our review and approval. (Franchise Agreement, Section 5.2) Our approval does not mean that the plans are consistent with local laws and ordinances. You must always make sure that your approved location and the premises of your Franchised Business comply with local ordinances and business codes. You must also ensure that you obtain the required permits for the build-out of your premises. You are responsible for all costs associated with the design of your Franchised Business. We, or an affiliate will provide architectural services to our franchisees. You are not required to use them, but if you do, you will enter into a separate agreement with us or our affiliate and pay a fee agreed upon between you and us or the affiliate.

**Constructing, Remodeling, and Decorating:** We will provide you with our design requirements and build-out specifications for your Franchised Business, and information about any required furniture, fixture and equipment (such as equipment for your entertainment options, signage, millwork, kitchen equipment, menu boards, and lighting). It is up to you to find a contractor to help you with the construction or remodeling, and decorating of your Franchised Business and you are responsible for the related costs.

**Area Development Agreement:** If you are an area developer, our only obligation is to help you define your Development Area and assign it to you. (Area Development Agreement, Section 7.1.).

### **Other Pre-Opening Obligations**

Before you open your business, we will:

1. Provide you with information about the necessary furniture, fixtures and equipment for Do The Beach Amusement Park locations, required signage, opening inventory and supplies, but it is your responsibility to procure all such items. In some cases, we will provide you the names of approved vendors that you can (or must) purchase these items from, in other instances we will only provide you brand names or required specifications. You will have to make all the purchases yourself, and if installation is required, take care of the installation yourself. We are not required to provide you with equipment, signs, fixtures and opening inventory and we do not deliver or install any of them. (Franchise Agreement – Section 6.1.B).

2. Make available to you the Operations Manual. (Franchise Agreement – Section 6.1.D).
3. Provide a pre-opening training program for your owners and general manager. (Franchise Agreement – Section 6.1.E). A description of our training program appears later in this Item 11 under the caption “Training Programs.” Apart from the pre-opening training program, we are not required to help train your employees and we are not required to help you hire employees.
4. A Do The Beach Amusement Park representative will spend 2 to 4 days assisting you and your staff on-site at your location in connection with the opening of your Franchised Business. (Franchise Agreement, Section 7.3). If you wish for additional support of your management team, you can contract with us for Extended Training. Extended Training is management supervisory services that we will offer you, upon request. We would contract for these services with you in 3 month increments.
5. Approve or disapprove all advertising, signage, written communications, electronic or web-based materials and promotional plans, and other materials displaying our Proprietary Marks that we have not prepared or previously approved. (Franchise Agreement – Section 9.1).
6. Upon reasonable request, we will consult with and advise you at our home office concerning the construction and operation of the Franchised Business. (Franchise Agreement – Section 6.1.C).
7. Approve your insurance certificates with the additional insured parties named per the insurance requirements specified in the Franchise Agreement (Franchise Agreement – Section 12.1).

### **Opening of Your Business**

We are only starting to franchise as of the date of this disclosure document, but we expect that franchisees will typically open their Franchised Businesses within 9 to 12 months after they sign a franchise agreement. The factors that affect this time usually include locating a suitable site, completing the leasehold improvements, satisfactorily completing the training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits.

Your Franchised Business may be open for business when you satisfy our requirements. You will have to comply with the following: (i) install all fixtures, furniture and equipment and obtain all business licenses required to operate a Do The Beach Amusement Park location; (ii) you must have hired qualified staff and you (or one of your owners, if you are an entity) and your general manager must have satisfactorily completed our training program; (iii) you must have paid all sums due us and our affiliates; (iv) you must not be in default under the Franchise Agreement or any other agreement with us or our affiliates; (v) we must have made a satisfactory on-site inspection and investigation as we deem appropriate; and (vi) you must have purchased required insurance. (Franchise Agreement – Section 5.7).

If you sign an Area Development Agreement, you and we will agree on a schedule for opening Franchised Businesses in your development area. The development schedule will set

several periods in each of which you have to open a certain number of locations. (Area Development Agreement – Section 3.1 and Exhibit 1).

### **Obligations During Operation of the Franchise**

During the operation of the Franchised Business, we will:

1. Consult with and advise you at our offices, upon reasonable request, concerning the operation of the Franchised Business. (Franchise Agreement – Section 6.1.C).
2. Modify and add to the Manual as we deem appropriate to reflect changes in the business, authorized products or services, or specifications for authorized products and services, equipment requirements, quality standards, and operating procedures. (Franchise Agreement – Section 6.1.D).
3. Provide additional optional or required training programs or seminars as we deem appropriate in consideration of your payment of an additional training fee as described in Item 6. (Franchise Agreement – Section 6.1.E). A description of our additional training appears later in this Item 11 under the caption “Training Programs.” Apart from those training programs, we are not required to help train your employees and we are not required to help you hire employees.
4. Conduct inspections of your Do The Beach Amusement Park location and financial records, conduct evaluations of the products and services provided by your Franchised Business, and conduct interviews with your employees, agents and customers, directly, or through mystery shoppers, all as we may deem advisable. (Franchise Agreement – Section 6.1).
5. Manage the Brand Development Fund. (Franchise Agreement – Section 9.4). A discussion of the marketing, sales and advertising fund appears later in this Item 11 under the caption “Brand Development Fund.”
6. Approve or disapprove all advertising, signage, written communications, and promotional plans and other materials displaying our Proprietary Marks which we have not prepared or previously approved. (Franchise Agreement – Section 9.1).
7. We may, at our sole discretion, from time to time make suggestions regarding your product and services pricing. You may decide whether or not to follow those suggestions, but in most jurisdictions we have the right to set minimum and maximum product and service prices, and, where permitted, you must honor those minimum and maximum prices. You may also not offer coupons, discounts, gift cards, gift certificates, loyalty programs, mobile applications, online ordering capabilities and similar promotions without our prior approval in writing. (Franchise Agreement – Sections 2.4 and 8.8). (Also see Item 16).

We are not required to establish any particular administrative or inventory control procedures, but we may choose to do so.

## **Advertising Program**

While we are not required to do so, we expect to undertake different activities to promote the Do The Beach Amusement Park brand. We may prepare marketing and advertising materials in-house or by outside agencies, both national and regional. We are not required to spend any amount on advertising in the area that your Franchised Business will be located in. We plan to develop both a loyalty program and a gift card program.

### **Local Advertising, Websites and Social Media:**

To facilitate your local marketing and advertising, we plan to prepare pre-approved strategies, including copy and graphic design. All other advertising, marketing, and publicity materials you use must first be approved by us. You must submit to us for our review and approval any materials not already approved by us. This includes all such materials, no matter the medium (e.g. print, digital, social media, and mobile apps). You must at all times comply with our instructions regarding the use of advertising materials, including modifying or ceasing to use those materials, whether or not we previously prepared or approved the materials. We will try to let you know within 5 business days of when you submit advertising materials whether it has been approved or disapproved, but there is no time limit in the Franchise Agreement for how soon we need to let you know our decision.

Starting 2 weeks prior to and continuing for 4 weeks following the opening of your Franchised Business you must spend at least \$50,000 on initial launch marketing and promotion. During the term of your Franchise Agreement, you are also required to spend at least 3% of your Gross Revenues on local marketing. We will define what types of expenses qualify towards the required spend and have the right to require you to submit reports and receipts showing that you have complied with the minimum spend requirement.

We will maintain a website for the System, and you may not maintain your own website for your Franchised Business. We may, however, provide you with a subpage on the System website. We encourage you to develop a local presence through social media. While we will own the social media accounts, you will have administrative access to the accounts for your Franchised Business and be able to post to the accounts and manage them. Any online or digital presence, such as social media (for example Facebook, Instagram, Twitter, and YouTube) and mobile applications, is subject to our social media policy and our general requirements about marketing and advertising. The social media policy will include provisions both regarding content and design, but also management of your accounts, and may require that we are either the owners of those accounts, or have co-administrative rights to the accounts. We currently require you to use an approved vendor to assist with your local marketing.

### **Franchisee Advisory Council**

We have not yet established a franchisee advisory council, but may do so in the future. If established, the advisory council is expected to provide support with respect to our advertising policies.

### **Brand Development Fund**

We have not yet done so, but may in the future establish a Brand Development Fund (the “**Brand Development Fund**”). The Brand Development Fund will be accounted for

separately from our other funds. We will not use the Brand Development Fund to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Development Fund and all costs of research, development and preparing national, regional, point of sale and local advertising and marketing strategy materials for use within the System. The materials may be disseminated via radio, television, print media, Internet (including social media), or outdoor advertising. We do not plan to use the Brand Development Fund to solicit new franchisees. The Brand Development Fund Fee currently is 0.5% of your Gross Revenues, payable on a monthly basis, but may be increased by us up to 2% of your Gross Revenues. All Do The Beach Amusement Park locations owned by our affiliates will contribute to the Brand Development Fund at the same percentage of Gross Revenues required of Franchisees within the System.

The intention is to spend the entire Brand Development Fund Fee collected, provided that we have the right to carry over fees from year to year, if the entire fee from one year is not spent that year. The Brand Development Fund will be administered by us. When we establish a franchisee advisory council, its board will serve in an advisory capacity to us, but we will have sole discretion over the concepts, materials, and media used in these programs and activities and their placement and allocation. In any calendar year we may spend more or less than the amount of aggregate contributions from all Do The Beach Amusement Park locations to the Brand Development Fund in that year, and the Brand Development Fund may borrow from us or from others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed to the Brand Development Fund before we expend other assets of the Brand Development Fund. We will not audit the Brand Development Fund, but Franchisees may, upon written request to us, receive an annual accounting of how advertising fees are spent. Brand Development Fund contributions will not be principally used to sell additional franchises. (Franchise Agreement – Section 9.5).

Expenditures by the Brand Development Fund may not be proportionate or equivalent to contributions to the Brand Development Fund by Do The Beach Amusement Park locations operating in that geographic area. You or your Franchised Business may not benefit directly or in proportion to your contribution to the Brand Development Fund. Neither we nor the Brand Development Fund would be liable to you for the maintenance, direction or administration of the Brand Development Fund, including for contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. The funds collected by the Brand Development Fund and any earnings thereon, are not and shall not be an asset of ours or of any Franchisee.

In lieu of charging a Brand Development Fund fee, and independent of the establishment of the Brand Development Fund, we may, at our option, charge you a fee on a project basis for marketing and advertising materials and projects prepared or undertaken for use by the System.

### **Advertising Cooperatives**

We have not established, but may in the future establish and maintain, local and regional advertising cooperatives for geographic areas (each an “**Advertising Cooperative**”), in which you must participate. We will determine the area for each Advertising Cooperative, but generally the intention would be to set up the area so that franchisees in a region or area can pool advertising funds that benefit the group by undertaking joint advertising and marketing programs. Franchisees and our and our affiliates’ Do The Beach Amusement Park locations who are members of the Advertising Cooperatives will all contribute on the same basis. The

Advertising Cooperative fee will be no more than 2% of your Gross Revenues. If you are paying an Advertising Cooperative fee you will be able to off-set the Advertising Cooperative fee against the 2% minimum local marketing spend required under the Franchise Agreement against the Advertising Cooperative fee.

We will determine whether to form any Advertising Cooperatives, and if formed, we will decide if and how to change them, merge them, or dissolve them. We will be responsible for administering the Advertising Cooperative. We are not required to prepare written governing documents for any Advertising Cooperative, but if we do, the members of that Advertising Cooperative will be able to review the governing documents. The Advertising Cooperatives will prepare unaudited annual financial statements and those will be available to review by their members, once finalized.

### **Point of Sales System and Other Computer Systems**

You must obtain and use the computer system which we require. Currently, this includes the point of sale and management system and terminals from an approved supplier. We currently require you to use Roller as your point of sales system. You must use the most current version of that system. The initial cost of the computer system is estimated to be between \$10,000 and \$20,000 depending on the number of terminals, printers, and additional software you choose to purchase. We have no contractual obligation to provide ongoing maintenance and repairs, or to upgrade or update any hardware or software. We expect there to be a monthly fee payable for the use of the point of sale system of between \$1,000 and \$2,000 per month that includes upgrades and updates to the software. You must also have a functioning email address so that we can send you notice and otherwise communicate with you.

We have the right to obtain independent access to all of the data on your computer, including but not limited to sales reports by category, department, menu item, inventory, cashier, lunch, dinner and hour on a daily, weekly and monthly basis. There are no contractual limitations on our right to access the computer.

In the future, we may require you to change, upgrade or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require to regulate the use of the software. The technology fee you pay may cover some of the computer and software related expenses, but we are not required to use it towards location-specific computer equipment or software. You will have to implement the software, computer, and internet security procedures that are outlined in the Operations Manual from time to time. You may be required to use only approved hardware and software products and services, and to purchase or lease them only from approved vendors.

### **Operations Manual**

If you request, we will give you access to review the contents of the Operations Manual before you buy a franchise from us subject to you signing a Confidentiality Agreement. The Confidentiality Agreement is attached as **Exhibit H**. The manual includes policies, regulations and procedures about the operations of a Do The Beach Adventure Park location that apply to

you and all franchisees under the Franchise Agreement. We have the right to add, delete, or change any operating policy or the Operations Manual.

## Training Program

### Training

We will provide you, your owners, and your general manager with pre-opening training that you must successfully complete before opening your Franchised Business. Some or all of the classroom training may be provided virtually. The training will take approximately 6 days, which includes 2 days of classroom training and 4 days of on-the-job training at a Do The Beach Adventure Park location. The hours of training depend on your previous experience with entertainment options similar to those included in your Franchised Business and your experience with restaurant operations. At least one of your owners and your general manager must complete the pre-opening training. If you want to bring additional persons to training their participation is subject to our approval, and we may limit the number of attendees due to space limitations.

You/your owners must complete the entire training program to our satisfaction before you can open your Franchised Business, and your general manager must complete the Management Training-portion of the training to our satisfaction before opening. If any of your attendees fail those portions of the training, we have the right to terminate the Franchise Agreement. If you already operate one or more Do The Beach Adventure Park locations, we may waive the initial training requirement for one or more of the persons who would normally be required to participate. There is no fee charged by us for the training described in the chart below, but you are responsible for all costs incurred by your attendees, such as travel and accommodation (and for their salaries).

All persons working in the restaurant portion of your Franchised Business must also obtain state sanitation certifications of the level commensurate to their responsibilities and you are responsible for all expenses you may incur in connection with obtaining such certifications.

### TRAINING PROGRAM

Subject	Hours of Classroom Training <sup>(4)</sup>	Hours of On-The-Job Training <sup>(4)</sup>	Location
Orientation/Pre-Opening <sup>(1)</sup>	5 hours	30 hours	Our corporate office in Port Charlotte, Florida, or another designated location
Management Training <sup>(2)</sup>	3 hours	10 hours	Our corporate office in Port Charlotte, Florida, or another designated location
Field Training <sup>(3)</sup>	0 hours	40 hours	Your Do The Beach Adventure Park location
Total	8 hours	80 hours	

(1) **Orientation/Pre-Opening:** Your owners must attend the Do the Beach orientation and pre-opening training program as soon as reasonably possible after signing your Franchise Agreement and before beginning site selection, if possible. This portion of the initial training is designed to introduce you to the Do the Beach model, orient you to the Do the Beach culture, team and business flow, and educate you to efficiently manage your site selection, marketing and pre-opening activities. If you already operate one or more Do The Beach Adventure Park locations, we may waive this part of the training.

(2) **Initial Management Training:** Your owners and managers must attend this training. It is conducted after you complete site selection, and within a reasonable amount of time before your scheduled opening date. All permits must be in place prior to attending the training. The initial management training course may include average 8 hours per day plus additional homework assignments, and will include topics such as advertising and marketing, food preparation, and building the brand in your community. You must attend and complete state sanitation certification training before this training.

(3) **Field Training:** We will send at least one Do the Beach training representative to your Franchised Business location, at no cost to you, for on-site training and assistance when you open the Franchised Business. The length of time the representative(s) will be on-site is expected to be between 2 and 4 days. On-site training and assistance will include additional training of personnel, purchasing and inventory management, POS training, and promotion and merchandising.

(4) If you have significant experience operating family entertainment businesses and restaurants, the training hours would be towards the low end of the range of hours. If you have limited experience operating family entertainment businesses and restaurants, the training hours would be towards the high end of the range of hours.

We will organize the initial training program on an as-needed basis so that you and other new franchisees can complete the training before you open your Do The Beach Adventure Park locations. Training may be conducted just for your team, or may be combined with training for other new franchisees.

We will use various training materials as part of the training, including the Operations Manual and our recipes. The training is led by Courtney Skallerup-Wilde who has been involved in the operation of Do the Beach since before we open our first location, which is anticipated to be in the fall of 2025. She has experience teaching the subjects covered by our initial training program since 2013. Our other trainers all have at least 5 years of experience with the topics taught.

The Initial Management Training must be completed not just by you, but also by your general manager. If the general manager leaves your employment, you must hire and train a new manager within 30 days. Depending on how long you have operated your Franchised Business and your experience we may allow you to train general managers yourself, but we always reserve the right to have the general manager trained by us. All of your restaurant employees must pass the state-approved sanitation certification program within 10 days of their hire.

We may, at our option, provide you with additional onsite training, if you request it. Currently, the charge for additional training and support is \$350 per day, per trainer, plus their

cost of travel and accommodation, though we may adjust the fee during the term of your Franchise Agreement. You may also request additional training at our locations. If we approve it, currently the fee will be \$350 per day, and you will be responsible for the travel, accommodation, meals, and salaries for the persons attending.

We also offer our franchisees Extended Training. Extended Training consists of management supervisory services that we will provide to you and your managers. The training is intended for franchisees who want additional training and support of their management team. It is an optional training program. Extended Training is offered in 3-month increments for a fee of \$5,000 per month, plus the cost of travel that we may incur (one 2-day trip per month, typically).

We will offer periodic mandatory and optional additional and refresher training programs for you, your Owners, and Operating Principal. Mandatory refresher training is limited to 2 days per year. Refresher and additional training may be offered at any location designated by us, and may also be held virtually. The training may be offered in-person, at locations designated by us, or virtually. We may charge a reasonable fee for attending these training programs, intended to off-set our cost of the programs. You will also be responsible for all costs incurred by your attendees, such as travel and accommodation.

We also have the right to require that you and your Owners attend a national business meeting or annual convention for our franchisees. We may charge a registration fee for attending. You will also be responsible for all costs incurred by your attendees, such as travel and accommodation.

## **Item 12 TERRITORY**

### **Franchise Agreement:**

**Protected Area:** You will operate your Franchised Business out of a specific location that must be approved by us. We will grant you a protected area for your Franchised Business (“**Protected Area**”). The Protected Area is defined by a 3-5 mile radius, which be agreed upon. The size of the Protected Area will remain the same throughout the term of your Franchise Agreement and there are no minimum sales volume, market penetration, or other contingency or conditions that affect its size. The Protected Area excludes certain types of locations (“**Captive Locations**”) even if they are located within the Protected Area. Captive Locations include enclosed hotels and resorts, amusement and theme parks, sport stadiums and arenas, colleges, and government facilities, such as military bases.

**Your Rights in the Protected Area:** There are certain limitations to your Protected Area rights and your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Generally, we will not open our own Do The Beach Adventure Park locations, or license our affiliates or any other franchisees to operate Franchised Businesses in your Protected Area. But, this protection excludes Franchised Businesses in Captive Locations, and we and other Do The Beach Adventure Park franchisees have the right to market and advertise in your Protected Area and to sell products and services to customers in the Protected Area. In addition, our affiliate, Galaxy America, Inc. sells equipment similar to the kind that you will use in your Franchised Business to third parties. However the equipment sold to third parties will not have the distinctive Do The Beach Adventure Park branding. Those third parties may operate anywhere, including anywhere in

your Protected Area. Also, we and our affiliates may use other channels of distribution (such as wholesale, sales through grocery stores, other retail stores, Internet, catalog sales, telemarketing, other direct marketing sales, and sales at temporary locations and events) to offer Do The Beach Adventure Park services and products in your Protected Area, however given the nature of the Franchised Business, we do not foresee this happening with respect to the core service you will be providing through your Franchised Business. If we develop another brand of family entertainment centers, restaurants, or another type of business, that brand may operate in your Protected Area or distribute products or services in your Protected Area. Neither we, nor our affiliates or other franchisees owe you any compensation for such sales in your Protected Area, but you also do not owe us or other franchisees any compensation if you service customers outside of your Protected Area. Likewise, if you do not wish to service national or regional accounts, or are unable to do so, we may service those accounts ourselves, or assign them to an affiliate or another franchisee to services, even if the account is in your Protected Area.

Though we currently have no plans to do so, we reserve the right to market, sell, and license others to market and sell, similar products and services to those offered by your Franchised Business in your Protected Area, as long as they are offered under a different trademark.

**Relocation, No Right of First Refusal, and How to Obtain Right to Open Additional Locations:** You are not allowed to relocate your Franchised Business or open any additional locations in the Protected Area without first obtaining our written consent, which we may withhold at our discretion. Given the cost we will incur in connection with approving and supporting a relocation, if your relocation is approved, we will charge you a relocation fee of 50% of the then current Initial Franchise Fee, for the relocation. The Franchise Agreement you sign with us is for one Franchised Business only, operated out of the approved location. It doesn't grant you any right of first refusal. If you want to open more than one location, you must apply to us for a franchise agreement for the additional location(s). We will evaluate your application the same as we evaluate all franchise applications at that time.

#### **Area Development Agreement:**

Under the Area Development Agreement you will be granted a specific territory ("**Development Area**") in which to locate a number of Franchised Businesses. The territorial rights of each Franchised Business will be governed by the Franchise Agreement for the location. The size of the Development Area will be agreed upon between you and us before the Area Development Agreement is signed, but generally it will be big enough to allow for the opening of the required number of Franchised Businesses with each such business having a Protected Territory, though some of those Protected Territories may overlap.

There are certain limitations to your Development Area rights and your rights are not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. Specifically, Captive Locations are excluded from the Development Area in the same way as they are excluded from the Protected Area under the Franchise Agreement. We and other Do The Beach Adventure Park franchisees also have the right to market and

advertise in your Development Area and to sell products and services to customers in the Development Area. Also, we and our affiliates may use other channels of distribution (such as wholesale, sales through grocery stores, other retail stores, Internet, catalog sales, telemarketing, other direct marketing sales, and sales at temporary locations and events) to offer Do The Beach Adventure Park services and products in your Development Area, and if we develop another brand of family entertainment centers, restaurants, or another type of business, that brand may operate in your Development Area or distribute products or services in your Development Area. Neither we nor our affiliates or other franchisees owe you any compensation for such sales in your Development Area. Once Franchise Agreements for all Franchised Businesses to be opened pursuant to the Area Development Agreement have been signed, the Area Development Agreement will expire and your territorial rights in the Development Area will cease.

Failure to timely develop Franchised Businesses is grounds for termination of the Area Development Agreement, so if you do not develop the Franchised Businesses as agreed on in the Development Schedule to the Area Development Agreement we can terminate the agreement. At our option we may instead reduce the right of the Development Area, reduce the number of Franchised Businesses that can be opened by you, or allow other developers to open Franchised Businesses in the Development Area.

We do not typically allow you to change the Development Area, but if the population density in the Development Area changes, we reserve the right to adjust the size of the Development Area. The Area Development Agreement will allow you to open a certain agreed upon number of Franchised Businesses in the Development Area. If you want to open more Franchised Businesses, you must first apply to us as there are no options, right of first refusal, or similar rights granted under the Area Development Agreement. We will review the application the same way we review applications for new franchisees.

**No current plans to operate or franchise businesses under other trademarks:**

Neither we, nor our affiliates, have any current plans to operate or franchise a business under a different trademark.

**Item 13**

**TRADEMARKS**

During the term of your Franchise Agreement, we grant you the non-exclusive right and license to operate the Franchised Business under the following principal trademarks, service marks, names, logos and commercial symbols for which our affiliate, Winx Innovations, Inc. has applied for registration of the following trademark with the United States Patent and Trademark Office: (“USPTO”):

<b>Mark</b>	<b>Application Number</b>	<b>Application Date</b>	<b>Principal or Supplemental Register of USPTO</b>
DO THE BEACH (WORD MARK)	98141137	August 19, 2023	Principal

We also intend to apply for registration with the USPTO of the following trademark:



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

We claim common law rights to our designs, logos and trade dress items including color schemes, configurations and appearance, including to the marks listed above, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common-law trade secret and unfair competition, and copyright protection of materials and information you are granted the right to use under the Franchise Agreement.

Winx Innovations, Inc. has granted us an exclusive license for the use and sublicensing of the Proprietary Marks under a Trademark License Agreement dated November 3, 2023. The term of the Trademark License Agreement is 25 years.

You must follow our rules when you use these marks, including the guidelines provided in our style guide. You cannot use a name or mark as part of your corporate names or with modifying words, designs or symbols, except for those which we license you to use. You cannot use any mark in connection with the performance or sale of any unauthorized services or products or in any manner we have not expressly authorized in writing.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administration of any state, or of any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the principal trademark.

There are no agreements currently in effect which significantly limit our right to use or license the use of our marks in a manner material to the franchise.

We intend to take reasonable steps to preserve and protect our ownership of the marks and their validity. We are not obligated to protect any rights granted to you to use the

trademarks or to protect you against claims of infringement or unfair competition regarding the trademarks. Nevertheless, it may be in our best interest to do so.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of the trademarks. We will take the action we think is appropriate. You must cooperate fully in prosecuting, defending, or settling any litigation involving the trademarks, including being named as a party in the action at our request. We will undertake the defense of the litigation and will bear the costs of the litigation, except for the costs of any legal counsel separately retained by you. If we require you to modify a trademark that we have previously required you to use, we will pay for your direct expenses associated with the removal of the old trademark and its replacement.

We do not know of any infringing uses that could materially affect your use of our principal marks. You must modify or discontinue the use of a trademark if we modify or discontinue the use of a trademark as a result of a proceeding or settlement. You also must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business. You must maintain the confidentiality of the Operations Manual and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in the manuals.

**Item 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

Our affiliate Winx Innovations LLC owns patent rights that it has licensed to us, that are material to the Do the Beach franchise. In particular the following U.S. patents and patent applications are material:

**Issued Patents:**

Serial Number	Patent Number	Issue Date	Duration	Title	Type	Nature/ Relationship to the Franchise
29/916,274	D1061776	2/11/2025	2/11/2040	INFLATABLE CHUTE PLATFORM	Design	Plunge Slide
29/713,274	D944350	2/22/2022	2/22/2037	INFLATABLE ATTRACTION	Design	Inflatable Sweeper
29/827,254	D1026150	5/7/2024	5/7/2039	INFLATABLE ATTRACTION	Design	Inflatable Sweeper
18/049,567	11865467	1/9/2024	6/18/2040	INFLATABLE ATTRACTIONS	Utility: Continuation	Inflatable Sweeper
18/517,827	12011672	6/18/2024	6/18/2040	INFLATABLE ATTRACTIONS	Utility: Continuation	Inflatable Sweeper
17/620,299	11511207	11/29/2022	11/8/2038	INFLATABLE ATTACHMENTS FOR AN ATTRACTION	Utility: Non-Provisional	Inflatable Sweeper
29/669,525	D895756	9/8/2020	9/8/2035	INFLATABLE OBSTACLE	Design	Warped Wall
29/749,474	D956159	6/28/2022	6/28/2037	INFLATABLE OBSTACLE	Design	Warped Wall
29/838,819	D1010757	1/9/2024	1/9/2039	INFLATABLE OBSTACLE	Design	Warped Wall

**Pending Patent Applications:**

Serial Number	Filing Date	Title	Type	Nature/Relationship to the Franchise
29/973,301	11/15/2024	INFLATABLE CHUTE PLATFORM	Design	Plunge Slide
18/508,485	11/14/2023	HYBRID PLAY SYSTEMS, SKIRTS, AND METHODS	Utility: Non-Provisional	Hybrid Soft Play
29/919,977	12/7/2023	INFLATABLE OBSTACLE	Design	Warped Wall

We claim copyrights in our main logo, listed in Item 13, and also in the component parts of that logo. We have not yet and registered those materials with the United States Copyright Office (“USCO”), but plan to do so. We also claim copyrights in the Operations Manual, advertising material and related items used in operating the franchise. Although we have not filed an application for a copyright registration for those items, we claim a copyright and the information is proprietary. We are not obligated to take any action to protect our copyrighted materials, but will respond to this information as we think appropriate.

The Operations Manual and other materials we provide to you contain our confidential and proprietary information. Certain information about the operation of the Franchised Business including the standards, methods, procedures and specifications of the System, including the contents of the Operations Manual, is derived from information we disclose to you and all that information is of a proprietary and confidential nature and our trade secret (“**Confidential Information**”). You (if you are an individual) and each of your Owners (if you are an entity), officers, directors, members, partners, manager, employees and agents must maintain the absolute confidentiality of all Confidential Information both during the term of your Franchise Agreement and after its termination or expiration and may use that Confidential Information only to the extent necessary to operate the Franchised Business. You cannot disclose that Confidential Information for any reason, except to your Owners, officers, directors, members, partners, managers, employees and agents only to the extent necessary for the operation of the Franchised Business. You must sign, and shall cause all persons receiving the Confidential Information to sign, the Confidentiality Agreement attached as **Exhibit L**. You cannot use any Confidential Information in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us during the term of your Franchise Agreement or afterwards. You may not use our Confidential Information in an unauthorized manner and must take all reasonable steps to prevent its disclosure to others. You must promptly tell us when you learn about unauthorized use of our confidential and proprietary information.

You must notify us immediately when you learn about an infringement of, or challenge to, your use of the patents, patent applications or any future registered copyrights. We will take the action we think is appropriate. You must cooperate fully in prosecuting, defending, or settling any litigation involving the patents, patent applications or future registered copyrights, including being named as a party in the action at our request. We will undertake the defense of the litigation and will bear the costs of the litigation, except for: the costs of any legal counsel separately retained by you; if you have failed to notify us of any infringement claims in a timely

manner; or if you fail to modify or discontinue the use of the subject matter covered by the patent or the copyright. If we require you to stop using, or modify your use of any patent, patent application, or registered copyright that we have previously required you to use, we will pay for your reasonable, direct expenses associated with the modification or discontinuance.

We are not aware of any patent infringement of the patent rights listed above that could materially affect you. There is no current material determination of the USPTO, USCO, or any court regarding the patent or any of our copyrights. There are no agreements that limit our affiliate's use of the patent, patent application, or copyright.

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

You are required to participate personally in the direct operation of your Franchised Business and we recommend personal on-site supervision of the Franchised Business. If you have a General Manager, that person must successfully complete our initial training before the Franchised Business opens, or within 30 days of their hire for any General Manager that starts later. The General Manager will be required to sign the Confidentiality Agreement. Other than requiring the General Manager to successfully complete training and signing the Confidentiality Agreement there are no limits to who you may hire as a general manager. The General Manager is not required to have any ownership interest in the Franchised Business.

If you are a legal entity, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations including the covenant not to compete. The guarantee is included in the Franchise Agreement. We may also require that your spouse signs the guaranty.

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

We require you to offer and sell only those goods and services that we have approve. You must offer all goods and services that we designate as required for all franchisees. All services and food and beverage items, as well as other products offered or sold, must meet and be consistent with the requirements set forth in the Operations Manual or otherwise set by us. All services and products must be offered only at retail. No wholesale of products is permitted by the Franchised Business.

We have the right to add additional goods or services that you are required to offer. There are no limits on our right to do so.

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

**THE FRANCHISE RELATIONSHIP**

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

## Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§3.1	10 years
b. Renewal or extension of the term	§3.2	2 terms of 5 years each
c. Requirements for franchisee to renew or extend	§3.2	You must: notify us within 12 months (but not more than 24 months) before the agreement expires of your request for a successor agreement; not be in default under the agreement; be current on all payments to us, our affiliates, and your suppliers; be in compliance with our training requirements; renovate the Location to our then-current standards; have the right to remain in possession of the Location or have found substitute premises; be able to maintain all licenses and permits, including a liquor license; sign our then current form of franchise agreement for successor franchisees; pay us a successor agreement fee; and you and your guarantors must sign a general release. Further you may be asked to sign a Franchise Agreement with materially different terms and conditions than your original contract.
d. Termination by franchisee	Not Applicable	Franchisee may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§§14.1.B - D	We can terminate only if you default.
g. Cause defined – curable defaults	§§14.1.D, 8.3	You generally have 10 days to cure nonpayment of fees and 30 days to cure failure to submit reports, provide information, maintain our standards or any other default not specified in Section 14.

Provision	Section in franchise or other agreement	Summary
		If you fail an inspection for any health or safety reason, we have the right to require that you temporarily close all or part of your Location until the dangers to health and safety have been remedied.
h. Cause defined – non-curable defaults	§§14.1.B and 14.1.C	Non-curable defaults: failure to timely begin construction of the Location, timely submit a site application, timely complete construction of the Location, timely open the Location, cease operating or abandon the Location, forfeit the right to do business where the Location is located, conviction of felony, unapproved transfers, improper use or disclosure of confidential information, false reporting or submissions to us, under-reporting Gross Revenues, repeated defaults even if cured, entry of judgment against you which remains unsatisfied for 30 days, levy against your business or Location, action brought to foreclose lien or mortgage against the Location premises or equipment which is not dismissed in 30 days, or you become insolvent, a receiver is appointed to take possession of your business or Location, you make a general assignment for the benefit of your creditors, you engage in public conduct that reflects materially and unfavorably upon the System, or the goodwill associated with the Marks, or you are in default under any other Franchise Agreement or other agreement with us or our affiliates which is not curable, or, if the default is curable, you have not cured the default within the cure period, or bankruptcy, or you are in default in paying any monies to your landlord or to any supplier under the normal payment terms and conditions of the landlord or the supplier and you do not cure such default and satisfy us that such default is cured within 30 days after receiving notice from us to cure the same.
i. Franchisee's obligations on termination/non-renewal	§15.1	Cease operating the Location; discontinue use of the Marks and advertising; complete de-identification as our Franchisee; transfer telephone numbers and social media accounts to us; deliver all materials and documents for the Location to us; modification and alteration of

Provision	Section in franchise or other agreement	Summary
		Location; cease using the System and Manual; remove any sign that has our distinctive shape, color and/or design; allow us, at our option, to purge at your cost all your usable materials bearing the marks, and/or your office equipment, furniture, fixtures; sell movable signs to us at their fair market value, promptly pay all amounts due us including the liquidated damages set forth in Section 15; and maintain and preserve your financial and other records and make them available for our inspection. If we give you notice, sell the assets of the Location to us or our assignee. See State Addenda.
j. Assignment of contract by franchisor	§13.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	§§1.2.SS and 13	Transfer means voluntary or involuntary direct or indirect assignment, sale, gift or other transfer of your Franchise Agreement or any of your rights or obligations as a Franchisee (your "Franchised Interest"), including (i) the transfer of ownership of your stock, partnership or limited liability company ownership interest; (ii) merger, reorganization, consolidation or issuances of additional securities representing a direct or indirect interest in your Franchised Interest of Location; (iii) sale of more than a 50% interest in your Franchised Interest; (iv) transfer of a Franchised Interest in a divorce, insolvency, corporate partnership dissolution or otherwise; (v) transfer of a Franchised Interest by will, trust or intestate succession; (vi) change in ownership or otherwise; (vii) any change in trustee or beneficial owner of a trust (if the trust is a Franchisee or has more than a 50% interest in the Franchised Interest); or (viii) any pledge, hypothecation or encumbrance of any Franchised Interest as security for an obligation.
l. Franchisor approval of transfer by franchisee	§13.9	You may not transfer your Agreement, your franchise, or any ownership interest in the franchise, the Location or a substantial portion of the Location's assets, without our consent.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	§§ 13.3, 13.4, 13.6, 13.7, 13.8, 13.9	<p>For most transfers, we require the transferee to meet our criteria for new franchisees, the transferee owners must sign a guarantee, you must pay a transfer fee, all your monetary obligations must be satisfied, you and your owners must release us from claims and you must agree to continue to be liable for the operation of the Franchised Business before the transfer. If the transfer results in a change of control of the franchisee or the Franchised Business the transferee will have to sign our then current form of franchise agreement for the remainder of the term of your Franchise Agreement, the location will have to be upgraded to meet our then current standards for new Franchised Businesses, and that the transferee and at least one of its owners completes those training programs we require to our satisfaction.</p> <p>For some transfers we do not require the transferees to submit a new franchisee application, even though the other transfer requirements apply. This is the case if (1) you sign the Franchise Agreement as an individual, and wish to transfer it to a corporation, partnership or limited liability company that you maintain your same ownership interest in, (2) you are a corporation, partnership or limited liability company, you may transfer an aggregate of up to 25% of your outstanding voting ownership interests to your employees who are actively engaged in the operations of the Location, or (3) you wish to transfer ownership by public or private offering. We may withhold the consent in our sole discretion in the case of a public offering, and for a private offering will not unreasonably withhold it.</p> <p>For sales of securities or other interests by public or private offering, we may grant or deny approval based on whatever we deem to be in our best interests.</p> <p>The grant of a security interest in any of the assets of the Franchised Business, including the Franchise Agreement, require our consent. We will require your lender to enter into an</p>

Provision	Section in franchise or other agreement	Summary
		agreement with us regulating what will happen in the event of a default under the Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	§13.5	Any transfer of ownership, other than from you (if you are an individual) to a corporation, partnership or limited liability company owned by you, is subject to our right of first refusal. A sale of your assets is also subject to our right of first refusal. We have the option for 30 days following our receipt of notice of transfer to exercise our right. We can purchase the ownership interest in Franchisee on the same terms as those offered by you to the third party.
o. Franchisor's option to purchase franchisee's business	§§14.3, 15.1.1	<p>Upon termination for any reason of the Franchise Agreement, we have the option for 30 days following the termination or expiration to purchase your assets at a price determined by 1 appraiser selected by us (though you may select a second appraiser at your expense, and if their evaluations are more than 10% apart, you will pay for a third appraiser to determine the final price).</p> <p>We also have the rights within 60 days following our receipt of your inventory list following termination or expiration of the Franchise Agreement, to purchase at fair market value, your supplies, FF&amp;E, signage, and other materials bearing the Proprietary Marks.</p>
p. Death or disability of franchisee	§§13.6, 13.7	If you die or become incapacitated (and you are personally the Franchisee or the owner of more than 50% of the Franchisee), your executor or other legally appointed personal representative must appoint, within 30 days, an approved management company to operate the Location. Pending the appointment and subject to legal formalities, we can manage the Location. Your executor or other legally appointed personal representative must also transfer all your interests to a third party within 1 year. With our consent, your estate or legally appointed personal representative may transfer all your interest to your spouse, parent, sibling, direct descendant or spouse's direct descendant.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	§§7.12, 11.12.A	You cannot use the Location premises for any purpose or activity except to operate the Franchised Business and you cannot use it to promote any competing business. During the term of the Franchise Agreement you may not compete with us by being associated with any business providing both food and entertainment options inside the facility (commonly referred to as “eatertainment”) or that is otherwise similar to a System Location, no matter where located.
r. Non-competition covenants after the franchise is terminated or expires	§11.12. B	For 2 years after any transfer, expiration, or termination of the Franchise Agreement, anywhere in your Protected Territory or the Protected Territory of any other System Location. The definition of what is a Competing Business is the same as for the in-term covenant not to compete.
s. Modification of the agreement	§20.1	No modifications generally unless in writing signed by you and one of our officers. However, our Manual is subject to change at our discretion.
t. Integration/merger clause	§20.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement are not enforceable.
u. Dispute resolution by arbitration or mediation	§19.2	If a dispute cannot be resolved through negotiations between your CEO or president and our management, the dispute will be referred to mediation. The mediation will take place in the county and state where we have our principal place of business, using a mediator agreed upon between us.
v. Choice of forum	§19.4	Subject to applicable state law litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business. You will submit to the jurisdiction of those courts. See State Addenda.
w. Choice of law	§20.2	Texas law applies (subject to applicable state law). See State Addenda.

## Area Development Agreement

Provision	Section in Agreement <sup>(1)</sup>	Summary
a. Length of the franchise term	§4.1	Until the date we accept and execute a Franchise Agreement for the last of the Franchised Businesses you are to establish under your Development Schedule, or on the last date for the opening of the last Franchised Business to be developed pursuant to the Development Schedule, whichever happens first.
b. Renewal or extension of the term	§4.2	There is no renewal right.
c. Requirements for franchisee to renew or extend	Not Applicable	
d. Termination by franchisee	§11.1	You can terminate if you have fully complied with your ADA and we have materially failed to comply with it and do not correct the failure within 120 days of our receipt of your written notice.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§§11.2, 11.3, 11.4	We can only terminate if you are in default under your ADA.
g. Cause defined – curable defaults	§§11.4, 14.4	Curable defaults have a 30 day cure period. If a force majeure continues for over 120 days we can terminate the Agreement.
h. Cause defined – non-curable defaults	§§11.2, 11.3	We can terminate if: you make an assignment for benefit of creditors, you file a petition in bankruptcy or one is filed against you and not dismissed within 60 days, or if you file a petition in bankruptcy or a liquidator, trustee or similar officer is appointed for you, or you commit any act of bankruptcy, or you admit in writing your inability to pay debts as they become due; your assets are seized or you give a security interest without our prior written consent; you willfully or fraudulently misrepresent any

Provision	Section in Agreement <sup>(1)</sup>	Summary
		<p>factor or condition in any application or report to us; you die or become incapacitated (or if an entity, your principal owner dies or become incapacitated), and a permitted Transfer is not made; or you adversely affect the goodwill associated with the Proprietary Marks or the Franchised Business.</p> <p>If you fail to meet the obligations of your development schedule, you will lose the exclusive rights to your Territory and we can resell that area. We may also reduce the size of your Territory or the number of Franchised Businesses to be developed.</p> <p>You can maintain any existing Franchised Businesses that are established by a Franchise Agreement as long as you comply with the terms of that Franchise Agreement.</p>
i. Franchisee's obligations on termination/non-renewal	§11.6	You will have no right to establish or operate a Franchised Business for which a Franchise Agreement has not been executed at time of termination, expect that if you have signed a lease by your expiration date, you can continue to open a Franchised Business within 4 months of a lease signing, if the lease was signed before the expiration of the development year in which the Franchised Business was supposed to have been opened.
j. Assignment of contract by franchisor	§10.1	We can assign, transfer or otherwise dispose of or deal with the ADA to anyone in our discretion. Upon transfer, we will be released from any liability under the ADA.

Provision	Section in Agreement <sup>(1)</sup>	Summary
k. "Transfer" by franchisee – defined	§10.2	"Transfer" means to directly or indirectly sell, divide, encumber, assign, hypothecate, mortgage, sublicense, transfer through bequest, inheritance, transfer in trust, divorce or operation of law or by any other means, or otherwise dispose of the rights granted under your ADA, any part of your ADA, any rights or privileges incidental to your ADA, any or all assets of the Franchised Business, or any interest in the franchisee (your owner's ownership interest in you). You may not make a transfer to one of our competitors, or to a person operating a business that is competing with Do the Beach Franchised Businesses under a license or franchise from one of our competitors or otherwise.
l. Franchisor approval of transfer by franchisee	§10.2	Our written approval is required for transfer to a third party.
m. Conditions for franchisor approval of transfer	§§10.2, 10.3	We will only approve a transfer to a third party if the proposed transferee is acceptable to us, you are not in default of your ADA or other agreement with us, you have paid all amounts due to us and your trade creditors, you sign a general release, you pay a transfer fee of \$5,000, the transferee assumes all your rights and obligations under your ADA.  If the franchisee is an individual, you can transfer to a corporation, limited liability company or other entity if you own 50% of the equity and voting rights.
n. Franchisor's right of first refusal to acquire franchisee's business	§10.4	We have a right of first refusal for 30 days to acquire your business if you get a bona fide written offer from a third party.
o. Franchisor's option to purchase franchisee's business	Not Applicable	

Provision	Section in Agreement <sup>(1)</sup>	Summary
p. Death or disability of franchisee	§10.5	On your death or incapacity (or on the death or incapacity of a principal Owner if you are an entity), your heirs or personal representatives can transfer your rights to a third party acceptable to us within 9 months of your death or incapacity.
q. Non-competition covenants during the term of the franchise	§§9.1, 9.3, 9.4	Neither you or your Owners (if you are an entity) can own or be involved in a Competitive Business that offers entertainment options and activities of the kind that Franchised Businesses may offer under the System. You and your Owners can own up to 5% of the outstanding voting securities in a publicly traded company, even if it is involved in a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	§§9.2, 9.3, 9.4	For 2 years after transfer, termination or expiration you and your owners (if an entity) cannot own or be involved in a Competitive Business within your ADA Development Area, or within the Protected Area of any other System location. You will also not solicit business from customers of the Franchised Business, from national accounts. The 2 year period is tolled if you are in breach of the covenant.
s. Modification of the agreement	§14.19	Modifications must be signed by both parties.
t. Integration/merger clause	§14.18	Only the terms of the ADA are binding (subject to state law). Any representations or promises outside the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	§13.2	If a dispute cannot be resolved through negotiations between your CEO or president and our management, the dispute will be referred to mediation. The mediation will take place in the county and state where we have our principal place of business, using a mediator agreed upon between us. See State Addenda.

Provision	Section in Agreement <sup>(1)</sup>	Summary
v. Choice of forum	§13.4.1	Subject to applicable state law litigation must be in any state court of general jurisdiction in the county or state, or in the U.S. District Court for the district, in which we have our principal place of business. You will submit to the jurisdiction of those courts. See State Addenda.
w. Choice of law	§14.11	Subject to applicable state law, Texas law applies. See State Addenda.

There are state specific addenda attached as **Exhibits C, E and G** for the states of California, Hawaii, Illinois, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia and Washington, and a Multi-State Addendum California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin. The Michigan Addendum is attached following the state cover page.

#### Item 18 PUBLIC FIGURES

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

#### Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Robin Whincup at 7431 Sawyer Circle, Port Charlotte, Florida 33981 and 941-456-9599, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20 OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**

**Systemwide Outlet Summary  
For Years 2022 to 2024<sup>(1)</sup>**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	0	0	+/-0
	2023	0	0	+/-0
	2024	0	0	+/-0
Company-Owned	2022	0	0	+/-0
	2023	0	0	+/-0
	2024	0	0	+/-0
Total Outlets	2022	0	0	+/-0
	2023	0	0	+/-0
	2024	0	0	+/-0

(1) We only started offering franchises as of November 8, 2023.

**Table 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2022 to 2024**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2022	0
	2023	0
	2024	0

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2022 to 2024<sup>(1)</sup>**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>	<b>Column 8</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations Reason</b>
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

(1) We only started offering franchises as of November 8, 2023.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2022 to 2024**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>	<b>Column 6</b>	<b>Column 7</b>
<b>State</b>	<b>Year</b>	<b>Outlets at Start of the Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Franchised</b>
Totals	2022	0	0	0	0	0
	2023	0	0	0	0	0
	2024	0	0	0	0	0

**Table 5**

**Projected Openings As Of December 31, 2024**

<b>State</b>	<b>Franchise Agreement Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Project New Company - Owned Outlets In the Next Fiscal Year</b>
Florida	0	0	1
Massachusetts	1	0	0
<b>Total:</b>	<b>1</b>	<b>0</b>	<b>1</b>

Attached as **Exhibit I** is a list of the names of all franchisees and their addresses and telephone number of all their outlets as of the issuance date of this FDD.

Attached as **Exhibit J** is a list of the name, city and state and current business telephone number or last known home telephone of every franchisee who, in our most recent full fiscal year end; had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily closed to do business under the Franchise Agreement; or has not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Confidentiality Clauses**

We don't have any franchisees who have signed confidentiality agreements prohibiting them from discussing their personal experiences with the franchise system.

**Franchisee Associations**

There is no trademark-specific franchise organization.

**Item 21 FINANCIAL STATEMENTS**

Attached to this Franchise Disclosure Document as **Exhibit K**, Part I are our audited balance sheets of as of December 31, 2024 and 2023 and the related statements of income and changes in members' capital and cash flows for the year ending December 31, 2024 and 2023 (from August 18, 2023 (inception). If required by state law, unaudited financial statements of a more recent date are attached as Exhibit K, Part II The franchisor's fiscal year ends on December 31st. The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

## **ITEM 22 CONTRACTS**

The following agreements are attached to this Franchise Disclosure Document:

- (a) Franchise Agreement - **Exhibit D**
- (b) State specific Amendments to Franchise Agreement for franchisees in Illinois, Maryland, Minnesota, New York, North Dakota and Washington - **Exhibit E**
- (c) Area Development Agreement - **Exhibit F**
- (d) State specific Amendments to Area Development Agreement for franchisees in Illinois, Maryland, Minnesota, New York, North Dakota and Washington – **Exhibit G**
- (e) Confidentiality Agreement (to view Operating Manual) – **Exhibit H**
- (f) Confidentiality Agreement **Exhibit L**
- (g) General Release - **Exhibit M**

## **ITEM 23 RECEIPTS**

The last 2 pages of this Disclosure Document are receipt pages (**Exhibit N**). Please date and sign both copies immediately upon receipt. Detach the last page and return to us promptly upon execution. Retain the other copy of the receipt page for your records.

**EXHIBIT A**  
**LIST OF STATE ADMINISTRATORS**

## State Administrators

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws.

### California

Department of Financial Protection and  
Innovation  
State of California  
320 West 4<sup>th</sup> Street  
Suite 750  
Los Angeles, California 90013  
(213) 576-7500  
(866) 275-2677

### Hawaii

Hawaii Commissioner of Securities  
State of Hawaii Dept Commerce &  
Consumer Affairs  
Business Registration Division – Securities  
Compliance Branch 335 Merchant Street  
Room 203  
Honolulu, Hawaii 96813

### Illinois

Franchise Bureau  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

### Indiana

Franchise Section  
Indiana Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

### Maryland

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

### Michigan

Franchise Unit  
State of Michigan  
Department of Attorney General  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, MI 48909  
(517) 373-7117

### Minnesota

Minnesota Department of Commerce  
Franchise Section  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198  
(651) 539-1500

### New York

Bureau of Investor Protection and  
Securities  
New York State Department of Law  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8222

### **North Dakota**

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

### **Virginia**

State Corporation Commission  
Division of Securities & Retail Franchising  
Commonwealth of Virginia  
1300 E. Main Street, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

### **Oregon**

Department of Consumer and Business  
Services  
Division of Finance and Corporate  
Securities  
State of Oregon  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4140

### **Washington**

Department of Financial Institutions  
Securities Division  
State of Washington  
P.O. Box 9033  
Olympia, Washington 98507-9033  
(360) 902-8738

### **Rhode Island**

Division of Securities  
State of Rhode Island  
233 Richmond Street, Suite 232  
Providence, Rhode Island 02903  
(401) 222-3048

### **Wisconsin**

Division of Securities  
Department of Financial Institutions  
Wisconsin Commissioner of Securities  
P.O. Box 1768  
Madison, Wisconsin 53701-1768  
(608) 266-8559

### **South Dakota**

Department of Labor and Regulation  
Division of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

**EXHIBIT B**  
**AGENTS FOR SERVICE OF PROCESS**

**AGENTS AUTHORIZED TO  
RECEIVE SERVICE OF PROCESS, BY STATE**

**California**

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
State of California  
Suite 750  
320 West 4th Street  
Los Angeles, CA 90013-2344

**Hawaii**

Hawaii Commissioner of Securities  
State of Hawaii Dept Commerce &  
Consumer Affairs  
Business Registration Division – Securities  
Compliance Branch 335 Merchant Street  
Room 203  
Honolulu, Hawaii 96813

**Illinois**

Office of Attorney General  
State of Illinois  
500 South Second Street  
Springfield, IL 62706

**Indiana**

Secretary of State  
State of Indiana  
201 State House  
200 W. Washington St.  
Indianapolis, IN 46204

**Maryland**

Maryland Securities Commissioner  
Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202-2020

**Michigan**

Michigan Department of Commerce  
Corporation & Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48909

**Minnesota**

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

**New York**

Secretary of State  
State of New York  
41 State Street  
Albany, NY 12231

**North Dakota**

Securities Commissioner  
State of North Dakota  
5<sup>th</sup> Floor  
600 East Boulevard Ave.  
Bismarck, ND 58505-0510

**Oregon**

Department of Consumer and Business  
Services  
Division of Finance and Corporate  
Securities  
State of Oregon  
350 Winter Street, N.E., Room 21  
Portland, OR 97310

**Rhode Island**

Director of Business Regulation  
Department of Business Regulation  
Division of Securities  
State of Rhode Island  
233 Richmond Street, Suite 232  
Providence, RI 02903

**South Dakota**

Franchise Administration  
Division of Securities  
Department of Revenue and Regulation  
State of South Dakota  
118 West Capitol Avenue  
Pierre, SD 57501-2000

**Virginia**

Clerk of the State Corporation Commission  
Commonwealth of Virginia  
1300 E. Main Street, 9<sup>th</sup> Floor  
Richmond, VA 23219

**Washington**

Director of Financial Institutions  
Securities Division  
State of Washington  
150 Israel Rd., S.W.  
Olympia, WA 98501

**Wisconsin**

Commissioner of Securities  
Wisconsin Securities Commission  
345 W. Washington Ave., 4th Floor  
Madison, WI 53703

**EXHIBIT C**  
**STATE ADDENDA TO FDD**

**MULTI-STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Addendum pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. For franchises sold in such states, this franchise disclosure document is amended by adding the following section at the end of Item 9:

"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."

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE CALIFORNIA FRANCHISE INVESTMENT LAW**

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

**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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.**

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

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

The franchise agreement requires application of the laws of Florida. 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 Corporations before we ask you to consider a material modification of your Franchise Agreement.

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

Neither the Franchisor nor any person listed in Item 2 of this franchise 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 such persons from membership in such association or exchange.

Section 19.5 of the Franchise Agreement limits the statute of limitations to the earlier of (i) one year after the date of discovery of the facts resulting in such alleged liability or obligation; or (ii) two years after the date of the first act or omission giving rise to such alleged liability or obligation. This provision is void to the extent it is inconsistent with the provisions of Corporations Code 31303- 31304. Corporations Code Section 31512 provides that "Any

condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order is void.”

OUR WEBSITE IS [WWW.DOTHEBEACH.COM](http://WWW.DOTHEBEACH.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](http://WWW.DFPI.CA.GOV).

Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable.

- a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- d) Violations of any provision of this division.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE HAWAII FRANCHISE INVESTMENT LAW**

**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 THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT 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 (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

## **ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement and Multi-Unit 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. Your rights upon Termination and Non-Renewal of an agreement are set forth 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

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

1. Item 17.c (“Requirements for franchisee to renew or extend”) and Item 17.m (“Conditions for franchisor approval of transfer”) of the Franchise Disclosure Document are amended to provide that “The requirement that you provide a general release of all claims against us in order to renew or transfer your franchise shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

2. Item 17.g (“Cause defined – curable defaults”) of the Franchise Disclosure Document is amended to provide that “Termination upon filing of a bankruptcy petition against you or any shareholder may not be enforceable under federal bankruptcy law.”

3. Item 17.v (“Choice of forum”) in the Franchise Disclosure Document is amended to provide that “Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. Nothing in the Franchise Disclosure Document or in the Franchise Agreement, or the Receipt of Franchise Related Documents is intended to nor shall act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

5. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17.t (“Integration/merger clause”), summary column, is amended by deleting the last sentence and substituting the following:

“However, nothing in the Franchise Agreement or any related agreement is intended to disclaim, or require you to waive reliance on, any representations we made in the Franchise Disclosure Documents or its exhibits that we furnished to you.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE MINNESOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The Minnesota cover page is amended to add the following statements:

**“THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE LICENSE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.”**

2. The following language is added to Item 13 of the Franchise Disclosure Document and Section 11 of the Franchise Agreement:

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

3. Item 17 of the Franchise Disclosure Document and Section 14.1D of the Franchise Agreement are amended as follows:

“With respect to franchises governed by Minnesota law, 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.”

4. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. Item 17 of the Franchise Disclosure Document is amended to add the following and the following language will appear at the end of Section 19.4A of any Franchise Agreement issued in the State of Minnesota:

“Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction.”

6. Minn. Rule 2860.4400J prohibits waiver of a jury trial. Accordingly, Item 17 of the Franchise Disclosure Document and Section 19.4B of the Franchise Agreement are amended as follows:

“Nothing contained herein shall limited Franchisee’s right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J.”

7. Item 17 of the Franchise Disclosure Document and Section 19.4A of the Franchise Agreement are amended as follows:

“Nothing contained herein shall limited Franchisee’s right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J.”

8. These states have statutes which limit the franchisor’s ability to restrict your activity after the Franchise Agreement has ended: California Business and Professions Code Section 16,600, Florida Statutes Section 542.33, Michigan Compiled Laws Section 445.771 *et seq.*, Montana Codes Section 30-14-201, North Dakota Century Code Section 9-08-06, Oklahoma Statutes Section 15-217-19, Washington Code Section 19.86.030. Other states have court decisions limiting the franchisor’s ability to restrict your activity after the Franchise Agreement has ended.

9. A provision in the Franchise Agreement which terminates the franchise upon bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Marks.

11. Section 19.5 of the Franchise Agreement is amended by adding the following:

"Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

12. The Remarks column of the "Insufficient Funds" row of Item 6 is amended to add the following language:

"Minnesota Statute 604.113 caps the insufficient fee charge at \$30."

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE NEW YORK FRANCHISE LAW**

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 RESOURCES 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 FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, the following applies 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 that is 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 ten years 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 a 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; this proviso intends that the nonwaiver 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 a 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 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.

7. 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 earliest 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.

## **FRANCHISOR REPRESENTATION**

**THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.**

## **ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law
- g. If the Agreement requires consent to a waiver of trial by jury, such provision may be unenforceable under the North Dakota Franchise Investment Law.

- h. If the Agreement requires consent to a waiver of exemplary and punitive damages, such provision may be unenforceable under the North Dakota Franchise Investment Law.
- i. If the Agreement requires consent to a limitation of claims within one year, such provision may be unenforceable under the North Dakota Franchise Investment Law.
- j. North Dakota prohibits a provision that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the Franchise Agreement. Accordingly, Section 19.7 of the Franchise Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE VIRGINIA RETAIL FRANCHISE ACT**

The following paragraph is added at the end of Item 17:

Virginia has a statute which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: Virginia [Code 13.1-557 to 574]. Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause.

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT and ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**EXHIBIT D**  
**FRANCHISEE AGREEMENT, INCLUDING OWNER'S GUARANTY**

**EXHIBIT E**  
**STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT**

**MULTI-STATE AMENDMENT  
TO FRANCHISE AGREEMENT  
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Amendment pertains to franchises sold in the states that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Subject to the foregoing, notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_, will be amended as follows:

1. The following language is added immediately before the signature block of the Franchise Agreement:

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

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

\_\_\_\_\_  
By:  
Its:  
Date                      of                      signature:  
\_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signature: \_\_\_\_\_

## CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated \_\_\_\_\_, will be amended as follows:

1. The following language is added as new Section \_\_\_\_\_ of the Franchise Agreement:

"No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Entire Agreement" provision in Section \_\_\_\_\_ of the Franchise Agreement."

Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Franchise Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act [that will be a reference to the California franchise law]; is void and will not be enforced by Franchisor."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

\_\_\_\_\_  
By:  
Its: \_\_\_\_\_  
Date                      of                      signature:

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

\_\_\_\_\_

\_\_\_\_\_  
Date                      of                      signature:

\_\_\_\_\_

\_\_\_\_\_  
By:  
Its: \_\_\_\_\_  
Date                      of                      signature:

\_\_\_\_\_

**ILLINOIS AMENDMENT  
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

1. Illinois law governs the Franchise Agreement and Multi-Unit 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. Your rights upon Termination and Non-Renewal of an agreement are set forth 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. Section 19.4A of the Franchise Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: \_\_\_\_\_

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

## **MARYLAND AMENDMENT TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, will be amended as follows:

1. The following language is added to Section 3.2 of the Franchise Agreement:  
  
" , except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
2. The following language is added to Section 13.9B of the Franchise Agreement:  
  
" , except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."
3. The following language is added to the end of Section 19.4A of the Franchise Agreement:  
  
"Franchisee may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."
4. The following language is added to the end of Section 19,5 of the Franchise Agreement:  
  
"all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."
5. The following language is added to Sections 3.2 and 13.9B of the Franchise Agreement:  
  
"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."

6. Section 1.1 A-D from the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

## **MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

8. Section 11.4 of the Franchise Agreement is amended to add the following language.

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

9. Section 14.1D of the Franchise Agreement is amended to read as follows:

“At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor’s reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.”

10. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

11. Section 14.1D of the Franchise Agreement is amended as follows:

"With respect to franchises governed by Minnesota law, 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."

5. Section 19.4A of the Franchise Agreement is amended as follows:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section 19.4B of the Franchise Agreement is amended as follows:

"Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Section 19.5 of the Franchise Agreement is amended to add the following:

"Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement as of the day and year set forth above.

Franchisor:

\_\_\_\_\_

DATED: \_\_\_\_\_

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

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

Franchisee:

\_\_\_\_\_

DATED: \_\_\_\_\_

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

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

**NEW YORK AMENDMENT  
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

1. Franchisor and Franchisee are parties to that certain \_\_\_\_\_ Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ that has been signed concurrently with the signing of this Amendment. This Amendment is annexed to and forms part of the Franchise Agreement. This Amendment is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the license occurred in New York.

2. The following is added as a new Section 14.6 of the Franchise Agreement:

"Franchisee may terminate this Agreement upon any grounds available at law."

3. The following is added to Section 3.2J of the Franchise Agreement:

"This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

## NORTH DAKOTA AMENDMENT TO FRANCHISE AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 4.1.A of the Franchise Agreement is amended by adding the following:  

"Payment of all initial fees is postponed until after all of franchisor's initial obligations owed to franchisee under the Franchise Agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the Franchise Agreement."
2. Section 19.4.B of the Franchise Agreement is deleted.
3. Section 15.1.J of the Franchise Agreement is amended by adding the following:  

"Remedies Upon Termination. If the Franchise is terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement."
4. Section 15.2 of the Franchise Agreement is deleted to the extent that it requires the franchisee to consent to termination or liquidated damages.
5. Section 19.2 D of the Franchise Agreement is amended to state the following:  

"All mediation proceedings shall take place either in a location mutually agreed upon prior the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator."
6. Section 19.4.C of the Franchise Agreement is deleted to the extent it includes a waiver of exemplary and punitive damages.
7. Section 19.4 A of the Franchise Agreement is deleted.

8. Section 19.5 of the Franchise Agreement is deleted to the extent that it is unfair, unjust, and inequitable under North Dakota Franchise Investment law.

9. Section 19.7 of the Franchise Agreement is amended as follows:

“In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party’s failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys’ fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise.”

10. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or the State of Texas law if such provisions are in conflict with North Dakota law.

11. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth below.

Dated: \_\_\_\_\_

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**RHODE ISLAND AMENDMENT  
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth below.

Dated: \_\_\_\_\_, \_\_\_\_\_.

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**VIRGINIA AMENDMENT  
TO FRANCHISE AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, \_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 14.1 of the Franchise Agreement is amended by adding the following language:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: \_\_\_\_\_

Franchisor:

\_\_\_\_\_

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

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

Franchisee:

\_\_\_\_\_

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

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

## WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Section 7.21 A. is hereby deleted in its entirety and replaced by the following:

“Franchisee shall, within ten (10) days of receipt, provide Franchisor with a copy of any notice of any proposed taking of the Location or surrounding premises by eminent domain or condemnation. Such notice shall be sent by Franchisee to Franchisor by overnight courier service. If the Location is condemned or so taken or such a substantial portion of the Location is condemned or so taken as to render impractical the continued operation of the Location in accordance with System standards, then in such event, (i) this Agreement shall terminate upon notice by Franchisor to Franchisee, and (ii) notwithstanding subsection (i), Franchisor shall be entitled to receive the payments due under Article 4 for as long as the Location remains open for business. If a non-substantial condemnation shall occur, then in such event, Franchisee shall promptly make whatever repairs and restoration may be necessary to make the Location conform substantially to its former character and appearance according to plans and specifications approved by Franchisor, and the resumption of normal operation of the Location shall not be unreasonably delayed by Franchisee.”

20. The last sentence of Section 12.5 of the Franchise Agreement is hereby deleted in its entirety and replaced by the following:

“The right of the Indemnitees to indemnity under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on the Indemnitees by statute, ordinance, regulation, or other law; provided, however, that Franchisee shall not be required to indemnify the Indemnitees from any Claim to the extent proven or agreed between the parties to have been caused by the strict liability, fraud, sole or gross negligence, or willful misconduct of the Indemnitees.”

21. Section 17.2 of the Franchise Agreement is hereby amended by adding at the beginning of the Section:

“Except where it would be inconsistent with Section 19.100.180(1) of the Washington Franchise Investment Protection Act”

22. The undersigned hereby acknowledges receipt of this amendment.

Dated: \_\_\_\_\_, \_\_\_\_\_.

Franchisor:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**EXHIBIT F**  
**AREA DEVELOPMENT AGREEMENT**

**EXHIBIT G**

**STATE SPECIFIC AMENDMENTS TO AREA DEVELOPMENT AGREEMENT**

**MULTI-STATE AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT  
(FOR THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI)**

This Amendment pertains to franchises sold in the state that have adopted as law the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements (the "SOP") and is for the purpose of complying with the statutes and regulations of such states. Signing this Amendment where the SOP, because applicable jurisdictional requirements are not met, does not subject the parties to the provisions of the SOP. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Area Development Agreement dated \_\_\_\_\_, 20\_\_, will be amended as follows:

1. The following language is added immediately before the signature block of the Area Development 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."

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Franchisee:

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

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

\_\_\_\_\_  
Date of signature:

\_\_\_\_\_

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

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

\_\_\_\_\_  
Date of signature:

\_\_\_\_\_

**CALIFORNIA AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of California that are subject to the California Franchise Investment Law (the "Act") and is for the purpose of complying with California statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act, as set forth in this Amendment, or otherwise. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Franchisee hereby agree that the Area Development Agreement dated \_\_\_\_\_, will be amended as follows:

1. The following language is added as new Section \_\_\_\_\_ of the Area Development Agreement:

"No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise, except for the "Entire Agreement" provision in Section \_\_\_\_\_ of the Area Development Agreement."

Notwithstanding anything to the contrary in this Agreement, and to the extent required by California Corporations Code Section 31512.1, any provision in this Agreement, the franchise disclosure document, and any other acknowledgement, questionnaire, or other writing, disclaiming or denying: (a) representations made by Franchisor or its personnel or agents to Franchisee before entering into the Area Development Agreement; (b) reliance by Franchisee on any representations made by Franchisor, or its personnel or agents; (c) reliance by Franchisee on the franchise disclosure document; or (d) violations of any other provision of the Act [that will be a reference to the California franchise law]; is void and will not be enforced by Franchisor."

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Area Developer:

\_\_\_\_\_  
By:  
Its:  
Date                      of                      signature:  
\_\_\_\_\_

\_\_\_\_\_  
By:  
\_\_\_\_\_  
Its:  
Date                      of                      signature:  
\_\_\_\_\_

**ILLINOIS AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Illinois that are subject to the Illinois Franchise Disclosure Act (the "Act") and is for the purpose of complying with Illinois statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_, hereby agree that the Area Development Agreement will be amended as follows:

1. Illinois law governs the Franchise Agreement and Multi-Unit 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. Your rights upon Termination and Non-Renewal of an agreement are set forth 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. Section 13.3 of the Area Development Agreement is amended to provide that venue shall be in an appropriate Illinois court of general jurisdiction or United States District Court in Illinois.

Dated: \_\_\_\_\_

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

## **MARYLAND AMENDMENT TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Maryland that are subject to the Maryland Franchise Registration and Disclosure Law (the "Act") and is for the purpose of complying with Maryland statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

Franchisor and Area Developer hereby agree that the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_, will be amended as follows:

1. The following language is added to Section 10.2.4 of the Area Development Agreement dealing with "Transfer by You":

" , except that the general release provisions shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following language is added to the end of Section 13.3 of the Area Development Agreement dealing with "Venue":

"You may bring a lawsuit in Maryland for claims arising out of the Maryland Franchise Registration and Disclosure Law."

3. The following language is added to the end of Section 13.5 of the Area Development Agreement dealing with "Limitations Periods":

"All claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years after the grant of the franchise."

4. Sections 1.3, dealing with "The Area Developer", and 14.19, dealing with "Entire Agreement", of the Area Development Agreement and the Franchisee Disclosure Questionnaire are amended to state:

"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."

12. Section 5.1 of the Area Development Agreement is amended by adding the following sentence:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its preopening obligations under the area development agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

IN WITNESS WHEREOF, Franchisor and Area Developer have duly executed and delivered this Amendment as of the date set forth above.

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

## **MINNESOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Minnesota that are subject to the Minnesota Franchise Act (Minn. Stat. Sec. 80C.1 et seq., the “Act”) and is for the purpose of complying with Minnesota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, hereby agree that the Franchise Agreement will be amended as follows:

1. Section 8.2 of the Area Development Agreement is amended to add the following language.

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

2. Section 11.1 of the Area Development Agreement is amended to read as follows:

“At the election of Franchisor, Franchisor may terminate the Agreement effective upon the expiration of 90 days after giving of written notice in the event Franchisee defaults, and does not cure to Franchisor’s reasonable satisfaction within the 60-day notice period, in the performance of any other covenant or provision of this Agreement, including without limitation, the obligation to pay when due any financial obligation to Franchisor, the obligation to make reports and provide information when due hereunder, or failure to maintain any of the standards or procedures prescribed for the Franchised Business in this Agreement, the Manual or otherwise; provided, however, that Franchisee shall be entitled to notice and opportunity to cure any such default only once in any six month period, and any subsequent occurrence of the same or substantially similar default within such six month period shall entitle Franchisor, at its option, to terminate this Agreement effective immediately upon the giving of notice and without opportunity to cure.”

3. Franchisor will protect the Franchisee's right granted hereby to use the Marks or will indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

4. Section 11.4 of the Area Development Agreement is amended as follows:

"With respect to franchises governed by Minnesota law, 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 Area Development Agreement."

5. Section 13.4.1 of the Area Development Agreement is amended as follows:

"Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by laws of the jurisdiction."

6. Minn. Rule 2860.4400J. prohibits waiver of a jury trial. Accordingly, Section 13.4.1 of the Area Development Agreement is amended as follows:

"Nothing contained herein shall limit Franchisee's right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4400J."

7. Minn. Rule 2860.4400J. prohibits requiring a franchisee to consent to liquidated damages.

8. Section 13.5 of the Area Development Agreement is amended to add the following:

"Any claims pursuant to Minn. Stat. Sec. 80C.17 may be commenced within the time period provided in Minn. Stat. Sec. 80C.17, subd. 5."

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Area Development Agreement as of the day and year set forth above.

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**NEW YORK AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of New York that are subject to the New York Franchise Act (New York State General Business Law, Article 33, Sec. 680 et seq., the "Act") and is for the purpose of complying with New York statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_, hereby agree that the Area Development Agreement will be amended as follows:

1. Franchisor and Area Developer are parties to that certain Area Development Agreement that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because: (a) you are a resident of the State of New York and your Franchise will operate in New York; and/or (b) the offer or sale of the area development rights occurred in New York.

2. The following is added as a new Section 11.1 of the Area Development Agreement:

"You may terminate this Agreement upon any grounds available at law."

3. The following is added to Section 14.12 of the Area Development Agreement:

"This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law and the regulations issued thereunder."

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the day and year first above written.

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

## NORTH DAKOTA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

This Amendment pertains to franchises sold in the State of North Dakota that are subject to the North Dakota Franchise Investment Law (the "Act") and is for the purpose of complying with North Dakota statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_, hereby agree that the Area Development Agreement will be amended as follows:

1. Section 11.6 of the Area Development Agreement is amended as follows:

"Remedies Upon Termination. If the Agreement is terminated, and in addition to your obligations as otherwise provided herein, we will retain the full amount of any fees heretofore paid to us and you will continue to remain liable to us for any and all damages which we have sustained or may sustain by reason of such default or defaults and the breach of the Agreement on your part for the unexpired Term of the Agreement."

2. Section 13.3 of the Area Development Agreement is deleted.

3. Section 13.6 of the Area Development Agreement is deleted.

4. Section 13.7 of the Area Development Agreement is deleted.

5. Section 13.8 of the Area Development Agreement is amended as follows:

"In the event either party incurs legal fees or costs or other expenses to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform or observe any obligation imposed upon that party by this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all legal fees, costs and expenses, including reasonable attorneys' fees, whether incurred prior to, or in preparation for or contemplation of the filing of any claim, demand, action or proceeding to enforce any obligation of the other party hereunder or thereafter or otherwise."

6. The laws of the State of North Dakota supersede any provisions of the Area Development Agreement, the other agreements or such state law as applies to the agreements if such provisions are in conflict with North Dakota law.

Dated: \_\_\_\_\_

Franchisor:

\_\_\_\_\_

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

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

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

Area Developer:

\_\_\_\_\_

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

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

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

**RHODE ISLAND AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Rhode Island that are subject to the Rhode Island Franchise Investment Act (the "Act") and is for the purpose of complying with Rhode Island statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ hereby agree that the Franchise Agreement will be amended as follows:

1. Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by the laws of 1991, provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**VIRGINIA AMENDMENT  
TO AREA DEVELOPMENT AGREEMENT**

This Amendment pertains to franchises sold in the State of Virginia that are subject to the Virginia Retail Franchising Act (the "Act") and is for the purpose of complying with Virginia statutes and regulations. Signing this Amendment where the jurisdictional requirements of the Act are not met does not subject the parties to the provisions of the Act. Notwithstanding anything which may be contained in the body of the Area Development Agreement to the contrary, the Agreement is amended to include the following:

The parties to the Area Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ hereby agree that the Area Development Agreement will be amended as follows:

1. Sections 11.2, 11.3 and 11.4 of the Area Development Agreement are amended by adding the following language:

"§13.1-564 of the Virginia Retail Franchising Act provides that it is unlawful for a franchisor to cancel a franchise without reasonable cause."

Dated: \_\_\_\_\_, 20\_\_\_\_\_.

Franchisor:

Area Developer:

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

## WASHINGTON ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** 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.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason

during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised 8. The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Fees paid in connection with the Area Development Agreement will be collected proportionally with respect to each outlet opened in connection therewith.

19. Section 14.15 of the Area Development Agreement is hereby amended by adding at its beginning:

“Except where it would be inconsistent with Section 19.100.180(1) of the Washington Franchise Investment Protection Act”

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**EXHIBIT H**  
**CONFIDENTIALITY AGREEMENT FOR REVIEW OF OPERATIONS MANUAL**

## CONFIDENTIALITY AGREEMENT

(to view Operating Manual)

**THIS CONFIDENTIALITY AGREEMENT** (the “Agreement”) is made and entered into as of the day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ (“Prospective Franchisee”), and Do the Beach Franchising, LLC (“DTB”).

### WITNESSETH:

**WHEREAS**, Prospective Franchisee desires to review the draft operating manual for the Do the Beach franchise system (the “Operating Manual”) that contains confidential and proprietary information regarding DTB and the Do the Beach franchise system (the “Proprietary Information”), for the purpose of evaluating whether to directly or indirectly enter into a franchise agreement with DTB; and

**WHEREAS**, DTB desires to disclose the Operating Manual and the Proprietary Information to Prospective Franchisee, but only pursuant to the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the covenants and premises herein contained, and for other good and valuable consideration received, it is hereby agreed as follows:

**Paragraph 1.** Prospective Franchisee acknowledges and agrees that the Operating Manual and all Proprietary Information is confidential and proprietary information in which DTB has a proprietary interest. Prospective Franchisee agrees that any information received from DTB, its subsidiaries, affiliates, or franchisees (a) shall only be used for purposes of evaluating whether Prospective Franchisee desires to directly or indirectly enter into a franchise agreement with DTB, and (b) shall not be disclosed to any third party without the prior written consent of DTB. Prospective Franchisee agrees to use reasonable care to prevent the disclosure of the Proprietary Information to any third party, and further agrees to limit the dissemination of the Operating Manual and any of the Proprietary Information within its own organization to individuals whose duties justify the need to know such information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Operating Manual and the Proprietary Information and to restrict its use solely to the purposes specified herein.

**Paragraph 2.** Prospective Franchisee acknowledges that no other right or license to use the Operating Manual or the Proprietary Information is granted by this Agreement. Upon completion of its review of the Proprietary Information (or sooner upon request), Prospective Franchisee agrees to return the Operating Manual to DTB.

**Paragraph 3.** Prospective Franchisee shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Prospective Franchisee and then only after said date; or (c) which Prospective Franchisee can demonstrate was in its possession before receipt.

**Paragraph 4.** This Agreement constitutes the entire agreement and understanding among the parties hereto, and shall not be amended except pursuant to a written agreement

executed by each of the parties hereto. This agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

“Prospective Franchisee”

“DTB”

\_\_\_\_\_

**Do the Beach Franchising, LLC**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**EXHIBIT I**  
**LIST OF FRANCHISEES**

As of the issuance date of this Franchise Disclosure Document:

None

**EXHIBIT J**

**FRANCHISEES WHO LEFT THE SYSTEM OR HAVE NOT COMMUNICATED**

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

The following franchisees left our system in our last fiscal year, or did not communicate with us within 10 weeks of the issuance date of this disclosure document:

None

**EXHIBIT K**  
**FINANCIAL STATEMENTS**

**Part I**  
**Audited Financial Statements**

# Do The Beach Franchising, LLC

Financial Statements and Report

For The Year Ended

December 31, 2024

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**McMillen Dovali Co.**  
CPAS + ADVISORS

## Independent Auditors' Report

To the Members of

Do The Beach Franchising, LLC

### **Opinion**

We have audited the financial statements of Do The Beach Franchising, LLC (the LLC), which comprise the balance sheet as of December 31, 2024, and the related statements of operations and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LLC as of December 31, 2024, 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 (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 the LLC 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 LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

*McMillen Devali Co. P.C.*

May 29, 2025

**Do The Beach Franchising, LLC**

Balance Sheet

As of December 31, 2024

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 2,578
Prepaid expenses	15,000
	<hr/>
	17,578
	<hr/>
<b>Other Assets</b>	
Intangible assets, net of accumulated amortization of \$7,006	33,614
	<hr/>
<b>Total Assets</b>	<b>\$ 51,192</b>
	<hr/> <hr/>
<b>Liabilities and Members' Equity</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 1,561
Credit card payable	19,891
	<hr/>
	21,452
	<hr/>
Members' Equity	29,740
	<hr/>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 51,192</b>
	<hr/> <hr/>

See accompanying notes to the financial statements.

**Do The Beach Franchising, LLC**  
Statement of Operations and Changes in Members' Equity  
For the year ended December 31, 2024

<b>Revenue</b>	\$ -
<b>Operating Expenses</b>	
Advertising	14,300
Amortization	7,006
Legal and professional	47,252
Licenses and fees	101
Computer and software	25,125
Travel	2,295
Contract labor	7,568
<b>Total Operating Expenses</b>	103,647
<b>Income (Loss) From Operations</b>	(103,647)
<b>Other Income (Expense)</b>	
Interest expense	(1,548)
<b>Net Income (Loss)</b>	(105,195)
Members' Equity - Beginning of Year	49,215
Capital Contributions	85,720
Members' Equity - End of Year	\$ 29,740

See accompanying notes to the financial statements.

**Do The Beach Franchising, LLC**  
Statement of Cash Flows  
For the year ended December 31, 2024

**Cash Flows From Operating Activities**

Net income (loss) \$ (105,195)

**Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities**

Amortization 7,006

Decrease (increase) in prepaid expenses (15,000)

Increase (decrease) in accounts payable (9,694)

Increase (decrease) in credit card payable 19,891

**Net Cash Used in Operating Activities** (102,992)

**Cash Flows from Investing Activities**

Purchase of intangible assets (3,890)

**Net Cash Used in Investing Activities** (3,890)

**Cash Flows from Financing Activities**

Capital contributions 85,720

**Net Cash Provided by Financing Activities** 85,720

Net Increase (Decrease) in Cash (21,162)

Cash at Beginning of Year 23,740

Cash at End of Year \$ 2,578

**Supplemental Cash Flow Information**

**Cash Paid During the Year for**

Interest \$ 1,548

See accompanying notes to the financial statements.

**Do The Beach Franchising, LLC**  
Notes to the Financial Statements  
For the year ended December 31, 2024

**1. Nature of Business**

Do the Beach Franchising, LLC ("the Company"), registered in Florida in August 2023, is a development stage company whose planned principal operations are the sales of beach-themed indoor play franchises throughout the United States of America.

Subsequent to year-end, the Company has signed two franchise agreements for locations in Florida and Massachusetts.

**2. Summary of Significant Accounting Policies**

**a. Basis of Accounting**

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**b. Intangibles**

At December 31, 2024, intangibles consist of website development costs of \$31,500 and software costs of \$9,120, with accumulated amortization of \$7,006. Intangibles are recorded at cost with expected amortization computed using the straight-line method over the following estimated useful lives:

Website	5 years
Software	3 years

Estimated amortization expense expected over the ensuing five years is as follows:

2025-2026	\$9,340
2027	\$6,384
2028	\$6,300
2029	\$2,250

**c. Advertising**

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2024 amounted to \$14,300.

**d. Income Taxes**

As a limited liability company, the Company is not a taxpaying entity. Accordingly, the individual members will report their respective shares of net taxable income or loss on their individual income tax returns. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements.

The Company has implemented the accounting guidance for uncertainty in income taxes as required by accounting principles generally accepted in the United States of America. Using that guidance, uncertain tax positions need to be recognized when it is more likely than not the position will not be sustained upon examination by tax authorities. As of December 31, 2024, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no income tax audits for any tax period in progress.

**Do The Beach Franchising, LLC**  
Notes to the Financial Statements  
For the year ended December 31, 2024

**e. Use of Estimates**

The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**f. Subsequent Events**

Subsequent events have been evaluated through May 29, 2025, the date which the financial statements were available to be issued.

**3. Concentration of Credit Risk**

The Company maintains its cash balance with one bank with various locations throughout the United States of America. The bank balance may at times throughout the year exceed the federally insured limits.

**DO THE BEACH FRANCHISING LLC**

Balance Sheet with  
Independent Auditors' Report

December 31, 2023



Porter, Carswell, & Raya

CHARTERED

Certified Public Accountants

214 W. Main

Valley Center, Kansas 67147

Phone (316) 755-0033 Fax (316) 755-2661

Independent Auditors' Report

To the Board of Directors and Members  
of Do the Beach Franchising LLC

**Opinion**

We have audited the accompanying balance sheet of Do the Beach Franchising LLC as of December 31, 2023, and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Do the Beach Franchising LLC as of December 31, 2023, 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 Do the Beach Franchising LLC 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 Statement**

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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 statement, 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 statement.
- 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 Do the Beach Franchising 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Do the Beach Franchising 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.

*Porter, Carswell & Raya*

Porter, Carswell & Raya, Chartered  
June 25, 2024

**DO THE BEACH FRANCHISING LLC**

Port Charlotte, Florida

**BALANCE SHEET**

December 31, 2023

ASSETS

Current Assets		
Cash and cash equivalents	\$	23,740
Other assets		
Software		6,080
Startup costs		30,650
Total other assets		<u>36,730</u>
Total Assets	\$	<u>60,470</u>

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities		
Accounts payable	\$	11,255
Members' Equity		<u>49,215</u>
Total Liabilities and Members' Equity	\$	<u>60,470</u>

See accompanying notes and independent auditors' report.

**DO THE BEACH FRANCHISING LLC**  
Port Charlotte, Florida

**STATEMENTS OF OPERATIONS**  
For the Year Ended December 31, 2023

<u>REVENUE</u>	\$	-
 <u>EXPENSES</u>		
Personnel expenses		-
Professional expenses		-
Depreciation expense		-
Other operating expenses		-
		<hr/>
Total expenses		-
		<hr/>
Net Income (Loss)	\$	-
		<hr/> <hr/>

See Accompanying notes and independent auditors' report.

**DO THE BEACH FRANCHISING LLC**  
**Port Charlotte, Florida**

**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2023**

**1. Summary of Significant Accounting Policies**

Do the Beach Franchising LLC's accounting policies conform to accounting principles generally accepted in the United States of America. The most significant accounting policies are summarized below.

**Organization and Nature of Operations**

Do the Beach Franchising LLC (the Company), registered in Florida in August 2023, is a development stage company whose planned principal operations are the sales of beach-themed indoor play franchises in the United States. The Company's activities are subject to significant risks and uncertainties, including rapidly changing consumer preferences and the need to acquire additional capital resources for the continuation and expansion of its business.

**Management's Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. Subsequent Events**

Management has evaluated subsequent events through June 25, 2024, the date on which the financial statement was available to be issued.

## **Part II**

These Financial Statements Have Been Prepared Without An Audit. Prospective Franchisees or Sellers of Franchises Should Be Advised That No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

**[Only included if required by state law]**

# Do The Beach Franchising LLC

## Balance Sheet As of June 30, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Crews Bank & Trust Checking	11,012.49
<b>Total Bank Accounts</b>	<b>\$11,012.49</b>
Other Current Assets	
Prepaid Expenses	15,000.00
<b>Total Other Current Assets</b>	<b>\$15,000.00</b>
<b>Total Current Assets</b>	<b>\$26,012.49</b>
Fixed Assets	
Accumulated Amortization	-7,006.00
Software	9,120.00
Website Development	38,312.50
<b>Total Fixed Assets</b>	<b>\$40,426.50</b>
<b>TOTAL ASSETS</b>	<b>\$66,438.99</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	21,442.00
<b>Total Accounts Payable</b>	<b>\$21,442.00</b>
Credit Cards	
Apple Card	6,917.88
<b>Total Credit Cards</b>	<b>\$6,917.88</b>
<b>Total Current Liabilities</b>	<b>\$28,359.88</b>
<b>Total Liabilities</b>	<b>\$28,359.88</b>
Equity	
Member Distributions	-669.96
Members' Equity	52,571.96
Retained Earnings	0.00
Net Income	-13,822.89
<b>Total Equity</b>	<b>\$38,079.11</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$66,438.99</b>

# Do The Beach Franchising LLC

## Profit and Loss

April - June, 2025

	TOTAL
Income	
<b>Total Income</b>	
GROSS PROFIT	<b>\$0.00</b>
Expenses	
Advertising & Marketing	12,230.00
Computer & Software Expenses	5,412.30
Interest Expense	507.25
Legal & Professional Fees	11,880.00
Travel Expenses	6,499.86
<b>Total Expenses</b>	<b>\$36,529.41</b>
NET OPERATING INCOME	<b>\$ -36,529.41</b>
NET INCOME	<b>\$ -36,529.41</b>

**EXHIBIT L**  
**CONFIDENTIALITY AGREEMENT**

## CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (“Agreement”), dated \_\_\_\_\_, \_\_\_\_\_, is made by and between Do The Beach Franchising, LLC, a Florida limited liability company, with its principal office at 7431 Sawyer Circle, Port Charlotte, Florida 33981 (“Franchisor”), and \_\_\_\_\_, located at \_\_\_\_\_ (“Recipient”).

### Recitals

On \_\_\_\_\_, \_\_\_\_\_, Franchisor and \_\_\_\_\_ (“Franchisee”) entered into a Franchise Agreement to operate a beach-themed inflatable adventure park. (the “Franchised Business”) at \_\_\_\_\_ (“Franchise Agreement”). Recipient is either an owner of Franchisee (each, an “Owner”), or one of Franchisee’s owners, shareholders, partners, members, officers, directors, managers, employees, or agents.

Under the Franchise Agreement, Franchisor has agreed to provide Confidential Information, as that term is defined in the Franchise Agreement and below, to Franchisee solely on the condition that Franchisee and the Owners of Franchisee agree that Franchisee (if an individual), its Owners (if an entity), officers, directors, members, partners, managers, employees and agents who have access to such Confidential Information sign a Confidentiality Agreement. Recipient agrees that the Confidential Information is being disclosed to him or her under the terms and conditions of this Agreement.

The Franchise Agreement also requires each of Franchisee’s shareholders, partners, members, officers, directors, managers, employees and agents to sign a covenant not to compete.

### Terms and Conditions

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

1. Recipient acknowledges and agrees that all Confidential Information he or she receives from Franchisor is confidential and proprietary information and trade secrets in which Franchisor has a proprietary interest. “Confidential Information” includes, by way of example, but not limitation, certain information relating to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, including the System Standards and the contents of the Operations Manual. Recipient will not acquire any interest in the Confidential Information learned by Recipient other than the right for Recipient to utilize the same in connection with ownership and/or operation of the its Franchised Business during term of the Franchise Agreement, including any renewal term or the term of any subsequent Franchise Agreement entered into between Franchisor and Franchisee, and the use or duplication of the Confidential Information in any other business or capacity will constitute an unfair method of competition with Franchisor, its affiliates, and Franchisor’s other franchisees.

2. Franchisor is disclosing the Confidential Information to Recipient solely on the condition that Recipient agree, and Recipient hereby agrees, that any Confidential Information received from Franchisor (a) shall only be used by Recipient for purposes of performing the Franchise Agreement, (b) will not be used by Recipient in any other business, manner or capacity, (c) will have its absolute confidentiality maintained by Recipient both during and after the term of the Franchise Agreement, including any renewal term, (d) will not be copied by Recipient without written authorization, and (e) will not be disclosed by Recipient to any third party without the prior written consent of Franchisor. Recipient agrees to use reasonable care to prevent the disclosure of the Confidential Information to any third party, and further agrees to limit the dissemination of the Confidential Information within its own organization to individuals whose duties justify the need to know such Confidential Information, and then only provided that there is a clear understanding by such individuals of their obligation to maintain the confidential status of the Confidential Information and to restrict its use solely to the purposes specified herein. Each other person receiving the Confidential Information must also sign a copy of this Agreement.

3. Recipient acknowledges that no other right or license to use the Confidential Information is granted by this Agreement, and agrees that the amount of the Confidential Information to be disclosed to Recipient is completely within the discretion of Franchisor.

4. Recipient hereby agrees that any addition, modification, adaptation, improvement, refinement, discovery, invention or innovation of the System or any Proprietary Mark (collectively, a “**Business Improvement**”) made by Franchisee or its employees or Owners shall be the sole and exclusive property of Franchisor, regardless of Franchisee’s, its employee’s or the Owners’ participation or sole participation in its development, and shall be deemed assigned to Franchisor. Upon Franchisor’s request, Recipient shall, and shall cause his/her employees and all owners to, execute any instruments and documents that Franchisor requests and shall assist Franchisor to perfect or protect all intellectual property rights in such Business Improvement. Recipient shall not be entitled to any compensation for the use or licensing of any Business Improvement.

5. Upon termination or expiration of the Franchise Agreement, or earlier if requested by Franchisor, Recipient will return all Confidential Information and the Operations Manual (including any copies thereof that Franchisor may have permitted Recipient to make) to Franchisor.

6. Recipient shall be under no obligation under this Agreement with respect to any information (a) which is, at the time of the disclosure, available to the general public; (b) which becomes at a later date available to the general public through no fault of the Recipient and then only after said date; or (c) which Recipient can demonstrate was in its possession before receipt.

7. Recipient acknowledges and agrees that Franchisor will suffer irreparable injury not capable of precise measurement in monetary damages if Recipient discloses or misuses any Confidential Information. Accordingly, in the event of a breach of this Agreement by Recipient, Recipient consents to entry of interim relief, including, without limitation, the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief which the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted. Recipient

agrees that the award of equitable remedies to Franchisor in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Franchisor.

8. Recipient hereby agrees to indemnify, hold harmless and, upon request, defend Franchisor and its affiliates, and their respective members, owners, shareholders, directors, officers, managers, employees and agents (the “**Indemnified Parties**”), from and against all suits, proceedings, assessments, losses, claims, demands or actions of any nature or kind whatsoever (“**Claims**”), directly or indirectly arising out of, or in any manner whatsoever associated or connected with the failure of Recipient to observe and perform his or her duties and obligations under this Agreement, and against any and all damages, costs, expenses and fees (including, without limitation, reasonable legal expenses and fees), losses, fines or penalties incurred by or on behalf of any of the Indemnified Parties in the investigation or defense of any and all Claims.

9. All terms not otherwise defined in this Agreement shall have the same meanings as the defined terms in the Franchise Agreement.

10. This Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of Florida, without giving effect to its conflicts of law principles.

11. This Agreement together with the Franchise Agreement constitutes the entire agreement and understanding among the parties hereto with respect to the disclosure of Confidential Information to Recipient and Recipient’s non-competition obligations, and shall not be amended except under a written agreement executed by each of the parties hereto. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day, month, and year first above written.

Recipient:

\_\_\_\_\_

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

Position with Franchisee: \_\_\_\_\_

Franchisor:

DO THE BEACH FRANCHISING, LLC

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

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

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

**EXHIBIT M**  
**GENERAL RELEASE**

[If only the Franchisee is signing the Release, the language in bold and brackets referring to the Owner(s) should be deleted. If both Franchisee and its Owner(s) are signing the Release, the above referenced language should be left in the release, but should be taken out of the brackets and the bold type should be replaced by normal type.]

## GENERAL RELEASE

This GENERAL RELEASE ("Release") is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_ **[Name of franchisee]** ("Franchisee"), **[and \_\_\_\_\_ [Name of owner(s)], ("Owner(s)"]**, with reference to the following facts:

The undersigned Franchisee is a signatory to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Franchise Agreement") by and between **[Franchisor]** ("Franchisor") and Franchisee granting Franchisee the right to use the Franchisor's System and trademarks to operate the Franchised Business at a specific location.

**[The undersigned Owner is an owner of the Franchisee.]**

Franchisee **[and Owner each]** agrees that all capitalized terms in this Release shall have the meaning that is ascribed to them in the Franchise Agreement. This Release is being executed by the Franchisee **[and the Owner]** pursuant to the requirements of the Franchise Agreement. Franchisee **[and Owner each]** understands and agrees that execution of this Release is a condition of Franchisee's rights under the Franchise Agreement **[to renew the Franchise Agreement] [to transfer the Franchise Agreement]** and that Franchisee's **[or Owner's]** failure or refusal to execute this Release would result in Franchisee's breach of the Franchise Agreement. In consideration of the rights granted by the Franchise Agreement, Franchisee **[and Owner each]** executes this Release for the benefit of Franchisor.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS ACKNOWLEDGED, FRANCHISEE **[AND OWNER EACH]** AGREES AS FOLLOWS:

1. General Release. Franchisee **[and Owner each]** hereby releases and forever discharges Franchisor and its members, managers, officers, directors, owners, principals, managers, employees, affiliates, successors and assigns (collectively the "Released Parties"), from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs and expenses, at law or in equity, of every nature, character or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which Franchisee **[or Owner]** ever had, now has, or may, shall or can hereafter have or acquire (collectively referred to as "Claims"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with the Franchise Agreement, any other agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, **[neither]** Franchisee **[nor Owner]** shall have any Claim of any kind or nature whatsoever against the Released Parties, directly or indirectly, or by reason of any matter,

cause, action, transaction or thing whatsoever done, said or omitted to have been done or said at any time prior to the date of this Release.

**2. Waiver of Rights. This Release is intended by Franchisee [and Owner] to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee [or Owner] against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee [and Owner each], for itself, himself or herself, hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee [or Owner, as the case may be] would be entitled, now or at any time hereafter under the statutory or common law of the state where the Franchised Business is located, whether now or hereinafter existing under the laws of the state where the Franchised Business is located, or any other applicable federal and state law with jurisdiction over the parties relationship.**

**[ALTERNATE PROVISION FOR CALIFORNIA FRANCHISEES ONLY]**

**3. Waiver of Civil Code Section 1542. This Release is intended by Franchisee [and Owner] to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all Claims of any nature, whether or not known, expected or anticipated to exist in favor of Franchisee [and Owner] against the Released Parties regardless of whether any unknown, unsuspected or unanticipated Claim would materially affect settlement and compromise of any matter mentioned herein. Franchisee [and Owner each] hereby expressly, voluntarily and knowingly waives, relinquishes and abandons each and every right, protection and benefit to which Franchisee [or Owner, as the case may be] would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Franchisee [and Owner each] acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:**

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

In making this voluntary express waiver, Franchisee [and Owner each] acknowledges that Claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Franchisee [and Owner, respectively] to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered Claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisee [and Owner each] acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

**4. Release Not Admission. Franchisee [and Owner each] understands and agrees that the giving or acceptance of this Release and the agreements contained herein shall**

not constitute or be construed as an admission of any liability by Franchisor or an admission of the validity of any Claims made by or against Franchisor.

5. Authority of Parties. Each person executing this Release on behalf of a party hereto warrants and represents that he or she is duly authorized to execute this Release on behalf of such party.

6. No Prior Assignments. Franchisee **[and Owner each]** represents and warrants that Franchisee **[and Owner]** has not previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims which are the subject of this Release, all of such Claims being released.

7. Incorporation by Reference. The parties hereby incorporate the recitals of this Release as part of the substantive provisions of this Agreement.

8. Controlling Law. **This Release shall be governed, construed and interpreted in accordance with the substantive laws of the state where the Franchised Business is located.**

IN WITNESS WHEREOF, Franchisee **[and Owner each]** has executed this Release on the date first shown above.

Franchisee:

\_\_\_\_\_

**[Owner:**

\_\_\_\_\_

**(Signature)**

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

\_\_\_\_\_

**(Print Name)]**

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

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

### 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:

California	Pending
Hawaii	Not registered
Illinois	Pending
Indiana	Not registered
Maryland	Not registered
Michigan	Pending
Minnesota	Pending
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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 N**

**RECEIPT PAGES**

**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 Do The Beach Franchising, 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 and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Do The Beach Franchising, 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 appropriate state agency identified on Exhibit A.

The franchisor is Do The Beach Franchising, LLC, located at 7431 Sawyer Circle, Port Charlotte, Florida 33981. Its telephone number is 941-456-9599.

The franchise seller is \_\_\_\_\_, located at \_\_\_\_\_. His/her telephone number is \_\_\_\_\_.

The issuance date is July 17, 2025. The state effective dates are on an exhibit preceding this Receipt.

Do The Beach Franchising, LLC authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated July 17, 2025 that included the following Exhibits:

- |  |   |
|--|---|
| A. List of State Administrators                            | H. Confidentiality Agreement (to view Operating Manual) |
| B. Agents for Service of Process                           | I. List of Franchisees                                  |
| C. State Addenda to FDD                                    | J. Franchisees Who Left System or Have Not Communicated |
| D. Franchise Agreement                                     | K. Financial Statements                                 |
| E. State Specific Amendments to Franchise Agreement        | L. Confidentiality Agreement                            |
| F. Area Development Agreement,                             | M. General Release                                      |
| G. State Specific Amendments to Area Development Agreement | N. Receipt Pages  |

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

\_\_\_\_\_  
Prospective Franchisee Signature  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Individually and as \_\_\_\_\_  
of \_\_\_\_\_

(Your Copy. Sign, date and retain.)

**RECEIPT**

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If Do The Beach Franchising, 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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- K. Financial Statements
- L. Confidentiality Agreement
- M. General Release
- N. Receipt Pages

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

\_\_\_\_\_  
Prospective Franchisee Signature  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_

\_\_\_\_\_  
Individually and as \_\_\_\_\_  
of \_\_\_\_\_

**(Sign, Date and Return to Us)**