

## FRANCHISE DISCLOSURE DOCUMENT



Fly Dance Fitness Franchising, LLC  
A Florida Limited Liability Company  
999 Cattlemen RD, F  
Sarasota, FL 34232  
(941) 378-1359

<https://www.flydancefitness.com/franchise>  
[info@FlyDanceFitness.com](mailto:info@FlyDanceFitness.com)

As a Fly Dance Fitness franchisee, you will operate a dance fitness studio under the Fly Dance Fitness marks.

The total investment necessary to begin operation of a Fly Dance Fitness franchise is \$176,266 to \$365,433. This includes \$35,600 that must be paid to the Franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Please read this FDD and all accompanying agreements very carefully. You must receive this FDD 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 Stacey Marks, Director of Franchise Development, at 999 Cattlemen Rd, F, Sarasota, FL 34232 or [Stacey@FlyDanceFitness.com](mailto:Stacey@FlyDanceFitness.com).

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your contract carefully and in its entirety. Show your contract and this disclosure document to an advisor, like an attorney 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 FDD, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 30, 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:

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

### Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. 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 Florida than in your own state.
2. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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 APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, 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 sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
<b>ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ...</b>	<b>1</b>
<b>ITEM 2 BUSINESS EXPERIENCE .....</b>	<b>2</b>
<b>ITEM 3 LITIGATION .....</b>	<b>2</b>
<b>ITEM 4 BANKRUPTCY .....</b>	<b>3</b>
<b>ITEM 5 INITIAL FEES .....</b>	<b>3</b>
<b>ITEM 6 OTHER FEES .....</b>	<b>3</b>
<b>ITEM 7 ESTIMATED INITIAL INVESTMENT .....</b>	<b>8</b>
<b>ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....</b>	<b>12</b>
<b>ITEM 9 FRANCHISEE’S OBLIGATIONS.....</b>	<b>15</b>
<b>ITEM 10 FINANCING.....</b>	<b>17</b>
<b>ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....</b>	<b>17</b>
<b>ITEM 12 TERRITORY .....</b>	<b>23</b>
<b>ITEM 13 TRADEMARKS .....</b>	<b>24</b>
<b>ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....</b>	<b>26</b>
<b>ITEM 15 OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....</b>	<b>27</b>
<b>ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....</b>	<b>27</b>
<b>ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....</b>	<b>27</b>
<b>ITEM 18 PUBLIC FIGURES .....</b>	<b>33</b>
<b>ITEM 19 FINANCIAL PERFORMANCE REPRESENTATION .....</b>	<b>33</b>
<b>ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....</b>	<b>38</b>
<b>ITEM 21 FINANCIAL STATEMENTS.....</b>	<b>40</b>

**ITEM 22 CONTRACTS..... 40**

**ITEM 23 RECEIPT ..... 40**

**Exhibits**

- A – Franchise Agreement
  - B – Operations Manual Table of Contents
  - C – List of Current and Former Franchisees
  - D – Financial Statements
  - E – State Administrators and Agents for Service of Process
  - F – State Specific Addenda
  - G – Sample Waiver and Release of Claims
  - H – State Effective Dates
- Receipts

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

To simplify the language in this franchise disclosure document (“FDD”), we refer to Fly Dance Fitness Franchising, LLC as “Franchisor,” “we” or “us.” We refer to the individual or business entity (corporation, partnership, etc.) buying the franchise as “Franchisee” or “you.” Except for sole proprietorships, the term “you” does not include a business entity's owners. If you are a corporation, limited liability company, partnership, or other business entity, certain provisions of the Franchise Agreement will apply to your owners. This FDD will indicate when owners are also covered by a certain provision.

Fly Dance Fitness Franchising, LLC is a limited liability company organized in Florida on April 25, 2022. We do business under our Company name and under the service mark “Fly Dance Fitness®”. We maintain our principal place of business at 999 Cattlemen Rd, F, Sarasota, FL 34232. Our agent for service of process in Florida is: Kari Schroeter, 5584 Foxtail Palm LN, Sarasota, FL 34233. Our agents for service of process in other states are located in Exhibit H to the FDD.

We have offered franchises for Fly Dance Fitness since May 1, 2023. We have not offered franchises in any other line of business. We do not operate a Fly Dance Fitness studio ourselves, however, our affiliate, You So Fly, LLC, owns and operates a Fly Dance Fitness in Sarasota, FL which opened in 2019. You So Fly, LLC also owns the Fly Dance Fitness Trademarks that you will use in the operation of a Fly Dance Fitness franchise. You So Fly, LLC is a Florida limited liability company formed on August 6, 2019 and shares the same principal business address as us. You So Fly, LLC does not offer franchises in any line of business.

We have no other affiliates, parents or predecessors.

**The Franchise Offered**

We offer qualified individuals and entities the opportunity to develop and operate a dance fitness studio under an organized system that we and our affiliate have developed. You will operate a dance fitness studio (referred to in this FDD as the “**Franchised Business**” or “**Studio**”) according to the terms of our franchise agreement in the form attached as Exhibit A to this FDD (“**Franchise Agreement**”) and according to our standards, as described below. The Fly Dance Fitness system (the “**System**”) is identified by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including the name “FLY DANCE FITNESS” and “THROW DOWN” (the “**Proprietary Marks**” or the “**Trademarks**”). Our System includes our methods, techniques, standards, specifications, policies and procedures relating to the operation of Fly Dance Fitness as described in our confidential operational manual and other written directives (collectively, the “**Manuals**”). It also includes our distinctive decor, color schemes, and our special workouts and fitness routines, and our advertising and promotional programs, all of which we may change, improve and further develop.

**Market and Competition**

The Franchised Business will provide dance fitness services to the general public. The market for dance fitness studios and fitness studios generally is highly competitive. This competition includes

many local, regional and national chains, as well as independent businesses and other fitness franchises. Sales are generally not seasonal, but sales may be seasonal depending on the climate and demographics in your market.

### **Industry-Specific Regulations**

In addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Safety and Health Act, you should consider that certain aspects of a dance fitness studio, recognized by many states as “health clubs,” are regulated by federal, state and local laws, rules and ordinances, including but not limited to laws relating specifically to requiring postings concerning steroid and drug use, requiring certain medical equipment to be made available in the health club, limiting the supplements that the health club can sell, requiring bonds if a health club sells memberships valid for more than a specified period of time, requiring health club owners to deposit into escrow certain amounts collected from members before the club opens (so-called “presale” memberships), and imposing other restrictions on memberships that health clubs sell. Other than these laws, there are no regulations specific to the operation of a Fly Dance Fitness studio, but you must comply with all applicable local, state and federal laws that apply generally to all businesses. You should investigate these laws. You will need to understand and comply with those laws, among others in your market, in operating the Franchised Business. You will also need to obtain BMI (Broadcast Music, Inc.) and ASCAP (American Society of Composers, Authors, and Publishers) licenses in order to play music in your health club.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Stacey Marks: Chief Executive Officer**

Stacey Marks has served as our Chief Executive Officer since May 2023. Additionally, Ms. Marks has been the Co-Owner of our affiliate, You So Fly, LLC, in Sarasota, FL, since August 2019. Previously, she was a Marketing Coordinator for Fawley Bryant Architecture in Sarasota, FL from October 2022 to May 2023. Ms. Marks was also a Marketing Specialist at CalmCo in Sarasota, FL from June 2022 to August 2022, and a Marketing Specialist at Mixons Fruit Farms in Sarasota, FL from July 2021 to December 2022.

### **Kari Schroeter: Chief Operating Officer**

Kari Schroeter has served as our Chief Operating Officer since 2022. Additionally, Ms. Schroeter has been the Co-Owner of our affiliate, You So Fly, LLC, in Sarasota, FL since August 2019.

### **Ashley Walsh: Business Development Manager**

Ashley Walsh has served as our Franchise Resource Specialist since January 2025. Additionally, Ms. Walsh served as our Business Development Manager from June 2023 to December 2024. From November 2019 to April 2023, Ms. Walsh served as a Marketing & Communications Specialist for Applied Information Sciences in Reston, VA.

## **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

#### **ITEM 4 BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

#### **ITEM 5 INITIAL FEES**

##### **Initial Franchise Fee**

You must pay us an initial franchise fee equal to \$35,000 for a single franchise (the “**Initial Franchise Fee**”). The entire Initial Franchise Fee is due in a lump sum immediately upon execution of the Franchise Agreement. The Initial Franchise Fee includes up to 25 hours of consultation and service with our approved Architect and up to 25 hours of consultation and service (and one site visit) with our approved Project Manager, which are both third-party suppliers. If you require more than 25 hours of time with either of these suppliers, you will pay between \$50-\$100 per hour directly to them (and not through us). If you request that our approved Project Manager make an additional site visit to your location, you will pay them directly for their travel expenses and approximately \$500 for the one-day visit. The Initial Franchise Fee is not refundable and was uniformly imposed during our most recent fiscal year.

##### **Technology Fees**

Once your site is selected, you will begin paying us our then-current monthly fee for certain technology and software that we and our designated suppliers provide for your Franchised Business (the “**Technology Fee**”). The Technology Fee is currently \$100 per month, and we may increase or decrease it during the term of the Franchise Agreement as our technology and software requirements change or the cost of technology and related services by our suppliers changes. This fee is non-refundable.

#### **ITEM 6 OTHER FEES**

<b>Type of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of Gross Sales <sup>(2)</sup>	Monthly	See definition of Gross Sales. <sup>(2)</sup>
Brand Fund Contributions <sup>(3)</sup>	Currently none, but up to 3% of Gross Sales <sup>(2)</sup>	Monthly	If we implement the Branding Fund, you must contribute an amount we designate, not to exceed 3% of Gross Sales. We will debit your bank account for the Branding

			Fund Contributions due. (See ITEM 11)
Local Advertising <sup>(4)</sup>	The greater of \$500 or 2% of Gross Sales	As incurred on a monthly basis	You must spend the greater of \$500 or 2% of Gross Sales per month on local advertising for your Studio. You may spend more at your discretion. (See ITEM 11)
Throw Down <sup>®</sup> certification	Included for up to 4 individuals. \$199 for each additional person.	On demand	Due if you elect to have more than 4 people attend Throw Down <sup>®</sup> certification training.
Renewal Fee	\$5,000	Upon providing us with your notice of intent to renew the Franchise Agreement	If you intend to renew the Franchise Agreement, you must notify us in writing and meet certain conditions, including paying us a \$5,000 renewal fee.
Transfer Fee	\$5,000	Before consummation of the transfer or sale	Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer. (See ITEM 17)
Relocation Fee	Fee equal to our costs and expenses <sup>(5)</sup>	On demand	You must reimburse us for our out- of-pocket costs and expenses promptly upon receipt of our invoice. These amounts are due and payable only if you relocate your Studio, subject to our approval.
Interest and Late Fees	Lesser of 18% per annum or the highest rate permitted by law	On demand	Payable on all overdue amounts and reports. Interest begins from the date of non-payment or underpayment.

Audit Expenses	Fee equal to the cost of audit, including any charges of independent accountants, travel expenses and per diem personnel charges	On demand	If you understate any payment owed to us by more than 2%, you must reimburse us for our actual costs incurred in conducting the audit, including attorneys' fees, accountants' fees, travel expenses and compensation of our employees.
Technology Fee	The then-current amount, based on applicable technology and third-party costs. Currently \$100 per month.	Monthly	Once your site is selected, you will begin paying us our then-current monthly Technology Fee for certain technology and software that we and our designated suppliers provide for your Franchised Business. The Technology Fee is currently \$100 per month, and we may increase or decrease it during the term of the Franchise Agreement as our technology and software requirements change or the cost of technology and related services by our suppliers changes.
Additional Training	Currently \$500 per person per session <sup>(6)</sup>	On demand	We provide initial training for up to 4 individuals at no charge. We may charge you a fee for additional persons who attend initial training. We may also charge you for ongoing training that we conduct and for training materials that we provide. You are responsible for travel expenses incurred during training. (See ITEM 11)

Refresher Training Fees	\$500 per day per person trained	On demand	We periodically may require you (or your managing owner) and/or, at our option, the Studio's general manager to attend and complete to our satisfaction any supplemental or refresher training programs we choose to provide.
Conference Fee	Currently, none; we reserve the right to charge an amount not to exceed \$250 per person, per conference	On demand	If we require you to attend a conference, you may have to pay a reasonable fee, which we expect will not be more than \$250 per person, per conference. As of the date of this disclosure document, we do not charge a fee. You will be responsible for travel expenses for attendance at such conferences.
Insurance Premiums	Amount of unpaid premiums, plus an administrative fee equal to 3% of the unpaid premium	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. (See ITEM 8)
Alternative Product/Supplier Review Costs <sup>(8)</sup>	\$500, plus our expenses incurred	On demand	We may require you to pay us for our costs of evaluating any items or products that are from suppliers or vendors that we have not approved. (See ITEM 8)
Management Fee	5% of Gross Sales plus our actual costs and expenses <sup>(9)</sup>	On demand	If you are in default of the Franchise Agreement or fail to maintain the Studio in accordance with our standards, we may send in our personnel to manage the Studio until the default is cured or you are able to meet our standards.

Indemnification	Will vary under circumstances	On demand	You must indemnify us when your actions result in loss or damages to us under the Franchise Agreement.
Costs and Attorney's Fees	Will vary under circumstances.	On demand.	You will reimburse us for all attorney's fees and costs incurred in enforcing obligations, if we prevail.
Operations Manual Replacement Charge	\$100	Upon request by you.	We will provide you with one (1) electronic copy of the Operations Manual. Should you lose, need replacement, or request any additional printed copies, you agree to pay us \$100 for each additional printed copy requested. You will not be charged for requesting an electronic copy of the Operations Manual.

(1) We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer.

(2) **“Gross Sales”** means the total gross revenue from the provision of all products and services sold or performed in, at, from or away from the Studio, or through or by means of the Studio's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of collection.

(3) Advertising programs are described in greater detail in ITEM 11. If we establish a Branding Fund, you must contribute to the Branding Fund an amount we designate, not to exceed 3% of Gross Sales per month of the Studio. We have the right to allocate certain of our administrative expenses for marketing activities related to the Branding Fund. (See ITEM 11)

(4) These amounts are in addition to, and will not be credited against, your other advertising requirements. (See ITEM 11)

(5) Costs and expenses may include, but are not limited to, travel and lodging, and hourly location consultation of \$200 per hour for a new Location unless you have already selected one and we have approved it.

(6) A “session” for purposes of this section means one day of training that does not exceed five (5) hours.

(7) Your required contribution to the Brand Fund is in addition to the amount you must spend on local advertising of your Franchise Agreement. During the Term of the Franchise, you must spend at least \$500 each month on local advertising or at least 2% of monthly Gross Sales; whichever is greater. See Item 11 of this FDD for more information about the Brand Fund and your local marketing obligations.

(8) Except for Insurance, Software License Fees, Local Advertising, and Pre-Sale/Grand Opening Marketing Fees, which are paid directly to vendors, all fees are payable to us, and except as described above, all fees are non-refundable and are uniform for franchises currently being offered except as negotiated under specific circumstances.

(9) Our costs and expenses include those related to travel, lodging, and daily fee of \$500 to cover the day lost in sending management personnel to manage your franchise until such time as the breach is cured or the franchise is brought back up to our standards.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<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>	\$35,000	Lump Sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses During Training (for all attendees) <sup>(2)</sup>	\$2,500 - \$5,000	Lump Sum	As incurred	Airlines, hotels, restaurants
3 Months' Rent <sup>(3)</sup>	\$12,000 - \$24,000	Installments	As agreed in lease or sublease	Landlord
Deposit for Leasehold <sup>(4)</sup>	\$8,000 - \$16,000	Lump sum	On signing lease or sublease	Landlord
Leasehold Improvements and Construction Costs <sup>(5)</sup>	\$60,000 - \$200,000	As Agreed	As incurred	General Contractor, Subcontractors, and Approved Suppliers
Retail Space, Front Desk Areas <sup>(6)</sup>	\$12,000 - \$14,000	As Agreed	As incurred	General Contractor, Subcontractors, and

				Approved Suppliers
Sound & Lighting Equipment <sup>(7)</sup>	\$12,500 - \$15,000	As Agreed	As incurred	Approved Suppliers
Required Fitness Space Equipment <sup>(8)</sup>	\$5,500 - \$6,500	As Agreed	As incurred	Approved Suppliers
Optional Fitness Space Equipment <sup>(9)</sup>	\$1,000 - \$2,000	As agreed	As incurred	Approved Suppliers
Storage Supplies and Promotional Items <sup>(10)</sup>	\$2,800 - \$4,000	As agreed	As incurred	Approved Suppliers
Exterior Mounted Signage <sup>(11)</sup>	\$3,500 - \$7,000	As Agreed	As incurred	Approved Suppliers
Computer System <sup>(12)</sup>	\$1,666 - \$2,266	As agreed	As incurred	Approved Suppliers
Music Subscription – 3 Months	\$33 - \$60	As agreed	As incurred	Fit Radio, YouTube Music, Spotify, or Apple Music
Grand Opening Advertising (including first two month's local marketing) <sup>(13)</sup>	\$3,000	As Agreed	As incurred before and after Studio opens	Approved Suppliers
Business Licenses <sup>(14)</sup>	\$1,300 - \$1,700	Lump Sum	As incurred	Local Government, BMI, ASCAP
Insurance (First Annual Premium) <sup>(15)</sup>	\$3,500 - \$7,000	Lump Sum	As incurred	Insurance Company
Internet	\$120 - \$180	Lump Sum	As Incurred	Internet Service Provider
Security System – 3 Months	\$90 - \$180	As Agreed	As Incurred	Approved Suppliers
Technology Fee – 6 Months <sup>(16)</sup>	\$600 - \$600	Lump Sum	Monthly, beginning when your site is selected	Us
Software Fees – 3 Months <sup>(17)</sup>	\$1,017 - \$1,947	As agreed	Monthly, beginning upon opening	Approved Suppliers
Additional Funds - 3 Months <sup>(18)</sup>	\$10,140 - \$20,000	As Agreed	As incurred after Studio opens	Employees, Landlord, and Approved Suppliers

TOTAL ESTIMATED INITIAL INVESTMENT <sup>(19)</sup>	\$176,266 - \$365,433			
--	-----------------------	--	--	--

**NOTES**

(1) The initial franchise fee is discussed in greater detail in Item 5 of this disclosure document. The initial franchise fee is not refundable under any circumstances.

(2) We provide initial training at no charge for up to 4 individuals, but you must arrange and pay for all travel and accommodations expenses for the people who attend the Initial Training program. Costs vary depending on the distance traveled and the type of accommodations and transportation chosen. This estimate assumes that you send two (2) individuals to training on the low end and four (4) individuals to training on the high end. See ITEM 11 of this disclosure document for a description of the franchisee Initial Training program.

(3) If you do not already own suitable commercial space, the premises must be purchased or leased. You will need to purchase or lease real estate for the operation of the Franchised Business. We expect that most Franchisees will lease the premises required for the franchise. You should consult a real estate professional in your geographic area before purchasing a franchise. We require that the leased commercial space consist of no less than 1,800 square feet of interior space, with at least 1,500 of that interior space dedicated to studio space where the fitness classes will take place. The cost of leasing or purchasing space will vary significantly, depending on location and other factors, and as such cannot be accurately projected by us. Therefore, the costs included in the table shown may be significantly lower or higher than the real cost depending on market factors in your area and depending on whether or not your space is located in a metropolitan, urban, suburban, or rural area. The initial investment numbers provided assumes you will rent. If you purchase the premises, your initial investment will increase dramatically.

(4) This amount is based on a minimum of either first and last months rent, or first month's rent and a security deposit, as is typically required by most commercial landlords.

(5) You will need to adapt your space to our prototype designs and plans for the building in which you will locate your Studio, and it must be in compliance with state and local building codes. Construction costs will vary significantly depending upon the size and configuration of the premises, the cost of materials at the time, permit fees, and labor costs for construction in your area. The cost shown does not include the cost to purchase the building or location for the Studio, labor costs, fluctuations in the market and their effect on labor and materials, and permitting fees. The cost of leasehold improvements depends on the condition and size of the location, the local cost of contract work, and the location of the Studio. The estimated figures do not include remodeling walls, ceilings, floors, or other construction which may be needed and which may include electrical, plumbing, HVAC and carpentry work. The low estimate assumes that the leasehold is in suitable operating condition immediately on your taking possession of the premises or that you already operate a health club at the location that you are converting to a Fly Dance Fitness studio. A maintenance contract is recommended, but is not included in this estimate. This pricing

includes the estimated cost for a Big A\*\* Fan®, 6 commercial overhead lights, 9 custom mirror panels (100"x60" Safety ¼" mirrors), stage step flooring for 1,500 square feet (this does not include estimated installation costs), and 2 custom bathrooms that each contain a toilet, sink, toilet paper holder, 2 custom commercial bathroom tile with installation (approximately 170 ft<sup>2</sup> of wall tile floor-to-ceiling), and 2 custom mirrors.

(6) This estimate includes items, furniture, signs, and equipment that are required to conform the premises to our prototype design specifically for the retail space and front desk areas, and includes the items identified in the Manual. We reserve the right to modify, add to, remove, and supplement this list periodically.

(7) This is an estimated quote which includes four 8" segments of truss, 10 Chauvet or comparable par cans, ten 48" backlights, eight 24" backlights, 1 Chauvet obey 4 or comparable lighting controller, 10 truss clamps for bar cans, 10 safety cables for par cans, two 16" mirror balls with pin spots, 1 Chauvety DMX-4 four channel dimmer pack, 1 Mackie 1202VLZ or comparable audio mixer, 1 Crown Audio XLS1502 or comparable audio amplifier, and 8 QSC AD-S8T speakers. We reserve the right to modify, add to, remove, and supplement this list periodically.

(8) This includes the minimum amount of fitness equipment and supplies that you are required to purchase to furnish and decorate the dance studio space and includes estimates for shelving, artwork, weight's, body bars, platforms and risers, fitness mats, gliding discs, resistance bands, step stools, stainless steel wipe dispenser, digital table clock, and metal lights, as more specifically identified in the Manual. We reserve the right to modify, add to, remove, and supplement this list periodically.

(9) These are additional items that you may, but are not required to, purchase for the dance studio space and include various weighted kettle bells, foam rollers, and a 15lb sandbag.

(10) This includes a step ladder, a big ladder, a broom and dustpan, a cordless vacuum, and approximately \$2,000 to \$4,000 for an initial inventory of branded merchandise, which includes an initial supply of gift bags customized with logo, gift card boxes, apparel, and other branded items. (See ITEM 8) Promotional or branded merchandise must be paid for in advance and is not supplied on credit.

(11) This is an estimate only and does not include permit fees. The price will vary significantly depending on building requirements.

(12) You are required to purchase and install a 24" silver iMac with matching keyboard and mouse, and it must have sufficient storage and be capable of running on Apple's most recently released operating software (currently Mac OS Ventura), and be able to run the MindBody™ web-based business management software that we require you to subscribe to. You must also purchase or lease a high speed modem that permits you to connect to the Internet and to transmit and receive email.

(13) You must conduct a Grand Opening program we approve, with a minimum cost of \$3,000. (See ITEM 11) The amount you will need to spend will depend on how competitive your market is. Your Grand Opening advertising cost includes the costs of local marketing for the first two months you are in operation at \$500 per month.

(14) This estimate is subject to any state and local requirements for business licenses and permits and will vary depending on where you are located. You will also be required to have your Key Person obtain CPR, AED, and ACE Group Fitness Certification, and your franchise must obtain licenses through BMI and ASCAP to play music in the Studio. CPR/AED certification must be obtained through the Red Cross and is required for at least one of the franchise owners and two part time employees. Additionally, you or all of your owners, all Sculpt Weights instructors, and all Sculpt Circuit instructors must have an ACE Group Fitness Certification. There must be one CPR/AED certified individual in the building at all times during open operations.

(15) Insurance must be obtained to meet the minimum requirements established by the System Standards. This estimate is for paying an annual premium in lump sum. (See ITEM 8)

(16) Once your site is selected, you will begin paying us our then-current monthly Technology Fee for certain technology and software that we and our designated suppliers provide for your Franchised Business. The Technology Fee is currently \$100 per month, and we may increase or decrease it during the term of the Franchise Agreement as our technology and software requirements change or the cost of technology and related services by our suppliers changes. We have included three months before opening and the first three months after opening in this estimate.

(17) This estimate includes three months of the following payments to third-party software providers, which are required for the operation of your Franchised Business:

- MindBody: \$299 to \$549 per month
- QuickBooks: \$40 to \$100 per month

(18) These amounts are the minimum recommended levels to cover operating expenses, including employee salaries, for three months, which you will incur before operations begin and during the first three months. Specifically, we have calculated this based on a low range of employee salaries for two part time employees, each working 20 hours a week, over the course of 12 weeks at \$18 per hour, plus payment for an instructor to be paid \$20 per class for 15 classes a week over a period of 12 weeks, plus 3 months of utilities averaging \$300 a month (electric, water, sewage), for a total of \$13,140; and a high range of employee salaries for two part time employees, each working 20 hours a week, over the course of 12 weeks at \$20 per hour, plus payment for an instructor to be paid \$25 per class for 15 classes a week over a period of 12 weeks, plus 3 months of utilities averaging \$300 a month (electric, water, sewage), for a total of \$15,000. We cannot guarantee that this amount is sufficient as it will vary greatly depending on the job market and where your franchise is located.

(19) Unless otherwise stated, the costs and expenses described in the table are not refundable. We have prepared these estimates based on our and our affiliate's experience with operating a Fly Dance Fitness studio. Neither we nor our affiliates finance any part of your initial investment.

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

### **Goods or Services Required to be Purchased or Leased**

You must purchase promotional items including, but not limited to, apparel, gym bags, water bottles and related promotional items from our approved outside suppliers. These items must meet our specifications and use our promotional templates.

### **Approved Suppliers**

In addition to the above, we may require that you, at your expense, enter into agreements with suppliers and vendors approved by us. Currently, you are required to purchase fitness equipment, audio, sound and lighting equipment, décor, shirts, manuals, and MBO and musical licenses only from vendors and suppliers designated or approved by us. We reserve the right to remove, add, or change approved suppliers from time to time. We are currently the only approved supplier for the required Throw Down® Certification.

In addition to the approved suppliers identified in the Manual, we will periodically update the Manuals or email you with any changes, including additions and removals, to the list of authorized vendors/suppliers.

You are required to pay us a non-refundable \$500 fee upon submission of a product or supplier for our consideration. Additionally, you must reimburse us for our travel and living expenses for us inspecting any items or products. If you desire to purchase, lease or use any products or other items from a supplier we have not approved, you must send us a written request to use a new supplier or vendor so that we can decide whether to approve or reject either the supplier or the particular items. In most cases, we will let you know within thirty (30) days of receiving your written request to use the new supplier, vendor, or product, whether we approve or reject the request. If we have not responded or you have not heard from us within thirty (30) days of your written request being sent, you agree that you will not use or purchase items from the new supplier, vendor or product and it will be deemed rejected by us automatically unless and until we notify you in writing otherwise.

We may terminate or withhold approval of any products or services, or any supplier of such items, that does not meet our standards by giving you written notice. You must submit to us sufficient information about a proposed supplier and samples of the proposed product for our examination so that we can determine whether they meet our quality standards. Our representatives must be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the cost of the inspection plus the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties in furtherance of the evaluation.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system.

There are no suppliers in which any of our officers own an interest. Neither we nor our Affiliate currently derive revenue or other material consideration from required purchases or leases by franchisees except as we may derive revenue from our franchisees for Throw Down® Certification beyond the first four (4) individuals receiving that certification (Currently \$199 per trainee). During the fiscal year ending December 31, 2024, neither we nor our Affiliate derived revenue, rebates, or other material consideration based on required purchases or leases by our franchisees.

### **Standards and Specifications**

You must operate the Studio according to our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of Fly Dance Fitness® Studios (the “System Standards”), which we issue to our franchisees through the Manuals or in other communications.

We estimate that required purchases and leases according to our specifications and standards represent approximately 60% to 80% of your total purchases and leases in connection with the establishment of your Studio and approximately 30% to 40% of your total purchases and leases in operating the Studio.

### **Location Selection and Studio Development & Design**

We must approve the premises where your franchise Studio will be located. You are solely responsible for ensuring that all construction plans, architectural plans, specifications, design, and buildouts comply with applicable ordinances, building codes, permit requirements, lease requirements and restrictions, and that they meet our Brand System Standards. You may purchase these items from any supplier that meets our standards and specifications, unless we designate an approved supplier for an item. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

### **Advertising**

All advertising, including internet advertising, must meet our specifications as set forth in our Operations Manual. You must submit all proposed advertising to us for our approval before use. You may not use any advertising not prepared or previously approved by us within the preceding 6 months. On written notice from us, you must immediately discontinue use of any unapproved, or approved and subsequently disapproved, advertising materials.

### **Computer Hardware and Software**

As more fully described in Item 11, you must obtain and maintain during the term of the Franchise Agreement computer hardware and software meeting our specifications for all points of sale (the “POS system”). We have the right to designate a single supplier for the POS System.

### **Music and Music Selection**

We recommend that you have a subscription to Fit Radio; however, you may choose to have a subscription to YouTube Music, Spotify, or Apple Music. You must play only the music and music selections that we approve. You must install the equipment necessary to receive and play approved music.

### **Insurance**

There are some insurances that we require, and some that we recommend, you to obtain before opening the Franchised Business, and maintain in full force and effect at all times during the term of the Franchise Agreement, at your expense, which are designed to protect you, us, and your and our respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense arising or occurring in connection with the Franchised Business, including: commercial general liability insurance, property and casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, data privacy, professional liability insurance, and automobile insurance

coverage for all vehicles used in connection with the Franchised Business. These policies must be written by a responsible carrier or carriers acceptable to us and must name us as an additional insured, and must provide at least the types and minimum amounts of coverage specified below. If you should fail to obtain or maintain the insurance required by the Franchise Agreement for any reason, we have the right and authority (without, however, any obligation to do so) to procure the insurance. If we do so, you must pay the full premium paid, plus an administrative surcharge of three percent (3%) of any amount paid by us on your behalf. The insurance coverages that are recommended are not required but are strongly recommended.

<b>Insurance Type</b>	<b>Coverage</b>	<b>Required/Recommended</b>
Commercial general liability insurance	\$1,000,000 per occurrence \$2,000,000 aggregate	Required
Property and Casualty Insurance	\$200,000	Required
Business Interruption Insurance	3 months of operating expenses	Recommended
Workers' Compensation Insurance	State minimum.	Required
Employers Liability Insurance	No minimum	Recommended
Product Liability Insurance	No minimum	Recommended
Cyber/Data Privacy Insurance	\$250,000	Recommended
Professional Liability Insurance	\$250,000	Recommended
Commercial Automobile Insurance	\$100,000	Recommended

Your obligation to obtain and maintain the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement.

### **Purchasing Arrangements**

We may negotiate purchase arrangements with some or all of the approved or designated suppliers and we may receive money or other benefits from approved or designated suppliers as a result of your purchases. As of the date of this FDD, there are no purchasing or distribution cooperatives. We do not provide material benefits to you based on your purchase of particular products or services or your use of designated or approved suppliers but we may terminate your Franchise Agreement if you purchase from unapproved sources in violation of your Franchise Agreement. There are currently no purchasing or distribution cooperatives.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

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

<b>Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Location selection and acquisition/lease	2.1	7, 8, 11 and 12
b. Pre-opening purchases/advertisement	6.4	5, 7, 8, 10 and 11
c. Location development and other pre-opening requirements	7.7, 7.8, 8.2	6, 7, 8, 10 and 11
d. Initial and ongoing training	7.3, 8.1	11
e. Opening	6.4	11
f. Fees	4.1,4.2,4.4,4.8, 4.9, 4.10, 4.11, 4.14, 6.4, 6.5, 6.6	5, 6, 7, and 11
g. Compliance with standards and policies/Operating Manual	7.3, 7.4	5, 8 and 11
h. Trademarks and proprietary information	5.2, 5.3, 5.4, 5.5, 5.6, 5.10, 5.13, 5.14, 7.15, 11.1	13 and 14
i. Restrictions on products/services offered	7.1	8, 11, and 16
j. Warranty and customer service requirements	7.13	11
k. Territorial development and sales quotas	12.3(l)	12
l. On-going product/service purchases	6.3, 7.1, 7.6	8, 11, and 16
m. Maintenance, appearance and remodeling requirements	2.5	11
n. Insurance	7.9	7 and 8
o. Advertising	6.1, 6.3, 6.4, 6.5, 6.6	6, 7, 8, and 11
p. Indemnification	5.5, 5.15, 15.1, 15.2	6
q. Owner's participation/ management/ staffing	7.2, 7.6	11 and 15
r. Records and reports	7.10	6 and 11
s. Inspections and audits	7.10, 7.11	6
t. Transfer	10.1, 10.2, 10.3, 10.4, 10.5	17
u. Renewal	3.4	17
v. Post-termination obligations	11.1, 11.2, 13.2, 13.3, 13.4	17
w. Non-competition covenants	11.2	17
x. Dispute resolution	14.1	17

y. Proposed transfers and our right of first refusal	9.1, 9.2, 9.3, 9.4, 10.1, 10.2, 10.3, 10.4, 10.5	6 and 17
--	--	----------

**ITEM 10  
FINANCING**

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

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

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

**Pre-Opening Obligations**

Prior to the opening of your Franchised Business, we (or our designee) will or may, as applicable, provide you with the following assistance:

1. We will not select the site for you. We will provide site selection guidelines and assistance, as we deem appropriate in our discretion, in connection with selecting the location for your Franchised Business. We will also review any proposed lease or purchase agreement that you propose for the location of your Franchised Business, and we may condition our approval of any proposed location on the corresponding lease agreement containing certain terms we describe more fully in this Item. We do not assist with negotiating the purchase or lease of your site or assist with conforming the premises to local ordinances and building codes or obtaining any required permits. We do not generally own the premises or lease it to you (Franchise Agreement, Section 2);
2. We will make available to you specifications for fixtures, furnishings, signs, and design layout;
3. We will provide initial training for you and up to three (3) of your employees, as further described below (Franchise Agreement, Section 8.1);
4. We will provide at least one representative to provide assistance for, and be in attendance for, the grand opening of the Franchised Business as we deem appropriate in our sole discretion (Franchise Agreement, Section 8.2);
5. We will make available to you advertising and promotional materials at your expense;
6. We will loan you one copy of our operations manual (the “Manual”). A copy of the Table of Contents of the Manual is attached to this FDD as Exhibit B. There are currently approximately 44 pages in the Manual. (Franchise Agreement, Section 7.3);
7. We or our affiliate will make available to you for sale, or designate or approve other suppliers who shall make available to you for sale, products, supplies and materials as we designate in the Manual or in writing (Franchise Agreement, Section 7.1); and
8. Provide you with suggested staffing guidelines for hiring employees, as well as operational instructions which you can use as part of training new employees. However, all hiring decisions and conditions of employment remain your sole responsibility (Franchise Agreement, Section 7.6).

**Length of Time to Open Franchised Business**

You must open your Fly Dance Fitness Franchised Business no later than twelve (12) months after the Franchise Agreement is signed. The typical length of time between signing the franchise agreement and opening of the business is twelve (12) months. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to obtain necessary financing, to obtain permits and licenses necessary to construct and operate the Franchised Business, to complete construction or remodeling (as it may be affected by other conditions, shortages, delivery schedules and other similar factors), to complete designing, and to complete required training, as described below.

### **Continuing Obligations**

After the Franchised Business opens, we must provide the following to you:

1. On your reasonable request, in our sole discretion, we will make available to you advice and assistance on the proper implementation of the Brand Standards System and operation of the Franchised Business;
2. We will make available to you advertising and promotional materials at your expense;
3. We will designate or approve suppliers who will make available to you for sale, products, supplies, materials, and other products and equipment used or offered for sale at the Franchised Business (Franchise Agreement, Section 7.1); and
4. We or our affiliate will maintain and administer a Brand Fund, if established, as further described below (Franchise Agreement, Section 6.6).

### **Advertising**

#### **Grand Opening Advertising**

You must spend at least \$3,000 on the initial marketing and advertising for the Franchised Business within thirty days before and thirty days after your Franchised Business opens for business.

#### **Local Advertising**

After the Franchised Business opens for business, you must spend at least \$500 or 2% of your prior month's Gross Sales, whichever is greater, per month on local advertising and marketing, in the form and manner prescribed by us in the Manual. The minimum local marketing expense of \$500 per month for your first two months of operation is included in the total amount you must spend for Grand Opening Advertising.

You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any print, social media, broadcast, cable, electronic, computer or other media (including the Internet) that you wish to use and that we have not prepared or previously approved within the preceding 6 months. You must not use these plans or materials until they have been approved in writing by us. If you do not receive written notice of approval from us within 15 days of the date of our receipt of a written request made by you to approve such samples or materials, the materials you have submitted to us for approval will be deemed to have been disapproved until you receive written approval from us.

We may make available to you, periodically and at your sole expense, approved advertising and promotional materials, including merchandising materials, promotional items, point-of-purchase materials, and materials for special promotions.

### **Brand Fund**

We do not currently have a Brand Fund, but we may establish one in the future. If we establish a Brand Fund, you will be required to pay a monthly contribution to the Brand Fund of up to three percent (3%) of your Gross Sales from the prior month. Your contribution to the Brand Fund is in addition to the required grand opening and monthly required local advertising described above. All of our franchisees are required to contribute the same amount to the Brand Fund. Our affiliate-owned locations are not required to contribute to the Brand Fund.

We did not collect or spend any amounts of the Brand Fund in the fiscal year ending December 31, 2024.

We will direct all advertising, marketing, and promotional programs and have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them. Media coverage for advertising expenditures may be conducted on the local, regional and national levels.

We currently conduct all advertising in-house but may engage a local, regional, or national third-party advertising agency or agencies in the future as well as continuing the use of in-house marketing personnel. No portion of the Brand Fund will be used for soliciting new franchises.

We or our affiliates are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee, including you, benefits directly or on a pro rata basis from expenditures or activities of the Brand Fund. We are not required to spend any amount of advertising from the Brand Fund within your Territory.

It is anticipated that all contributions to the Brand Fund will be expended for their intended purposes during the fiscal year in which contributions are made. To the extent any contributions are not expended by the end of the fiscal year, they will carry over into the next year. Although we intend that the Brand Fund will be of perpetual duration, we and our affiliates maintain the right to terminate the Brand Fund. In the event we terminate the Brand Fund, all contributions will either be expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions. We will maintain separate bookkeeping accounts for the Brand Fund and reserve the right to form an affiliated entity to control and administer the Brand Fund. The Brand Fund will not be audited. Financial statements of the Brand Fund will be made available for review by franchisees upon written request.

### **Advertising Council**

There is presently no advertising council composed of franchisees that advises us on advertising policies. However, we may establish an advertising council in the future, composed of franchisees to advise us on advertising policies. Such members of the council will be selected by us and will service in an advisory capacity only. If we establish an advertising council, we will have the power to form, change or dissolve the advertising council in our sole discretion.

### **Advertising Cooperatives**

We have not established, and do not reserve the right to establish, regional advertising and promotional cooperatives.

### **Website**

You may not establish a separate Website for the Franchised Business unless approved by us in writing. However, we have the right to require that you have one or more references or webpage(s), as designated and approved by us in advance, within our principal Website (currently, [www.flydancefitness.com](http://www.flydancefitness.com)). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media location, such as Facebook, Twitter, Linked In, TikTok, and on-line blogs and forums. We have the right to require that you not have any Website other than the webpage(s), if any, made available on our principal Website.

### **Franchised Business Location and Lease**

You must obtain our approval of a location and sign a lease for your Approved Location within one hundred and eighty (180) days from signing the Franchise Agreement. You must open the Franchised Business within twelve (12) months after the Effective Date of the Franchise Agreement. If you fail to sign a lease for an Approved Location, or you and we fail to agree on a site for the Franchised Business, within one hundred and eighty (180) days after signing the Franchise Agreement, we can terminate the Franchise Agreement and you will not receive a refund of your Initial Franchise Fee. If you fail to open the Franchised Business within twelve (12) months after signing the Franchise Agreement, we can terminate the Franchise Agreement and you will not receive a refund of your Initial Franchise Fee. When we review a proposed location, we will not consider such factors as zoning and approval from appropriate agencies, or noise or lease restrictions. As such, you are solely responsible for ensuring any location you submit to us for approval is fit for the purpose of the franchise and is permissible for such use by the zoning rules, local administrative agency rules, and lease terms of the location submitted for approval. We will review and approve or deny of your proposed locations within fourteen (14) days of you submitting them to us. If we do not approve or deny of a proposed location within that timeframe, then the proposed location is deemed denied.

We will provide location selection guidelines and consultation that we deem advisable. Our approval of your proposed location will depend on factors including but not limited to population, infrastructure, competition, demographics, and other data that we deem relevant to a successful franchise location.

### **Computer System & Cash Registers**

We require that you purchase a cash register and a safe for storing cash. You must also purchase and use a computer/point of sale system that we specify. The system consists of a 24" iMac Apple computer and related hardware, a safe for cash, a modem, and other hardware and software as we specify. You also must subscribe to the MindBody™ customer relationship management ("CRM") software which will be used to process payments, collect client information, register clients, track classes, and track metrics and data for the franchise.

We estimate that your cost to purchase the computer system (\$1,299 to \$1,899), cash register (\$40), safe (\$49.99), and MindBody Payments hardware (\$277) is between \$1,666 and \$2,266, plus a monthly fee for the MindBody subscription, which may vary from \$299 per month to \$549 per month depending on the size of the Franchised Business.

Support and upgrades may be provided by MindBody. You must maintain, upgrade, and update the computer system as we require, and the franchise agreement does not restrict the frequency or expense of upgrades and maintenance. We estimate that it will cost approximately \$1,500 to upgrade your computer

system, if we require you to upgrade it during the term of the franchise agreement. There is currently no ongoing cost of maintenance for the computer system or registers.

We require that you provide us with independent access to the business data only (customer data base, POS, sales, inventory, cost of goods sold) which is stored in your computer system through the MindBody system. There are no contractual limitations on our right to access this information. You must have internet capability, the most recent operating software available to iMac users, and a modem, to enable us to access this information.

### **Initial Training Program**

You, or a Key Person, and at least one individual, who must be either a manager or employee of the Franchised Business must successfully complete our Initial Training Program. Our Initial Training Program consists of approximately 4 days of training at our affiliate owned location in Sarasota, FL (“headquarters”) and/or at an affiliate-owned Franchised Business in Florida. The Initial Training program currently is mandatory and must be completed by all of our franchisees to our satisfaction. Each franchisee is required to send one (1) key person from the franchise that will be involved in the day-to-day operations of the franchise and have an ownership interest in the franchise to attend the mandatory training. Additionally, you may send, at no additional cost to you (as this is included as part of the Initial Fee) two individuals, who must be either a manager or employee of the Franchised Business, to attend the Initial Training program. Whoever you send to attend the Initial Training program must all attend at the same time. You may not send, for example, a Key Person to attend the Initial Training program, and later send three (3) different employees or managers to attend the Initial Training program. We will offer our Initial Training program on an as-needed basis, but not less than quarterly.

The instructional materials used in the Initial Training program consist of our Manuals, access to our training and instructional videos, and other operational materials used in the Franchised Business. We do not charge tuition or impose a fee for training-related materials in connection with our Initial Training program, but you are responsible for all training-related expenses incurred by all persons who attend training including costs of travel, lodging, meals, and wages, as well as any training fees required for any attendees you send beyond the four (4) individuals that are included in as part of your Initial Fee; currently, this additional fee is \$500 per attendee, per day.

Our training program is conducted by one or both of our co-owners, Stacey Marks or Kari Schroeter, and our Franchise Resource Specialist, Ashley Walsh. Stacey Marks has been a Throw Down<sup>®</sup> instructor since 2016 and has nine years of relevant experience. Kari Schroeter has been a Throw Down<sup>®</sup> instructor since 2018 and has seven years of relevant experience. Both have been co-owners/operators of our affiliate, You So Fly, LLC since August of 2019, and co-owners/operators of Fly Dance Fitness Franchising, LLC since 2022. Ashley Walsh has three years of experience. We may add franchise directors in the future who may also provide franchise training, and they will have a minimum of six (6) months of experience in the subject matter they provide training for. The only component of our Initial Training program which may be conducted by individuals other than Stacey Marks or Kari Schroeter, is the Throw Down<sup>®</sup> Certification program, which may be taught by one of our certified Throw Down<sup>®</sup> instructors with a minimum experience level of either having taught Throw Down<sup>®</sup> no less than 5x a month for the last 12 months preceding the date of your Initial Training program or who has taught at least 100 Throw Down<sup>®</sup> classes.

Our Initial Training program may change due to updates in materials, methods, manuals, and personnel, or other reasons, without advance notice to you. The subjects and time periods allocated to the subjects actually taught to a particular franchisee and its personnel may vary based on the experience of those persons being trained.

The following table is a summary of the subjects covered in our Initial Training program and an estimate of the number of hours of classroom and on-the-job training allocated to the Initial Training program.

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<b>MONDAY</b>			
Introduction to Fly Dance Fitness Training	1	—	Our headquarters in Sarasota, FL
Group Discussion Over Lunch	1.5	—	Our headquarters in Sarasota, FL
Location, Specs, and Fitness Equipment	1	—	Our headquarters in Sarasota, FL
Operations Manual Overview	1.5	—	Our headquarters in Sarasota, FL
Managing Your Location	1	—	Our headquarters in Sarasota, FL
<b>TUESDAY</b>			
Sculpt Weights Class Set-Up	—	0.5	Our headquarters in Sarasota, FL
Sculpt Weights Class w. Kari	—	1	Our headquarters in Sarasota, FL
Throw Down TM w. Stacey	—	1	Our headquarters in Sarasota, FL
Post-Class Procedures	—	0.5	Our headquarters in Sarasota, FL
Staff Recruitment Procedures	1	—	Our headquarters in Sarasota, FL
Dance Instructor Training Overview Part 1	1.5	1.5	Our headquarters in Sarasota, FL
Front Desk & POS Training Part 1	1.5	1.5	Our headquarters in Sarasota, FL
<b>WEDNESDAY</b>			
Sculpt Circuits Set-Up	—	0.5	Our headquarters in Sarasota, FL
Sculpt Circuits Class	—	1	Our headquarters in Sarasota, FL
Training Q&A Session	1	—	Our headquarters in Sarasota, FL
Sculpt Recap	1	1	Our headquarters in Sarasota, FL
Front Desk & POS Training Part 2	1	1	Our headquarters in Sarasota, FL
Dance Instructor Training Overview Part 2	1.5	1.5	Our headquarters in Sarasota, FL
Marketing Program Overview	1.5	1.5	Our headquarters in Sarasota, FL
Class Set-up and Check-in	0.75	0.75	Our headquarters in Sarasota, FL
Optional Throw Down Drop-In	1	1	Our headquarters in Sarasota, FL
<b>THURSDAY</b>			

Front Desk Practice: Pre-Class	0.5	0.5	Our headquarters in Sarasota, FL
Throw Down TM 101	1	1	Our headquarters in Sarasota, FL
Thrown Down TM	1	1	Our headquarters in Sarasota, FL
Front Desk Orientation & POS Training	1	1	Our headquarters in Sarasota, FL
Throw Down® Certification	2	2	Our headquarters in Sarasota, FL
Week Recap	1	—	Our headquarters in Sarasota, FL
<b>Total</b>	<b>24.25</b>	<b>19.75</b>	

**Instructor Throw Down® Certification**

You are required to provide one Key Person that has an ownership interest in the franchise and who will be directly involved in the day-to-day operations of the franchise that become certified as a Thrown Down instructor prior to your Grand Opening. It is taught by Throw Down® certified instructors or by our co-owners, Kari Schroeter or Stacey Marks. The certification class is held at our headquarters in Sarasota, Florida. Attendees are responsible for arranging and paying for their own travel and lodging expenses to attend the Throw Down® Certification Program class. We offer these certification classes no less than four (4) times a year. You will not be charged for up to 4 individuals to attend the certification class as it is included in your Initial Franchise Fee. If an attendee does not meet the Throw Down certification standards and is not issued a certification, the attendee will have the option to be re-evaluated by a Throw Down instructor by submitting as many videos as necessary until the Throw Down instructor determines that the attendee has met the standards required for Throw Down certification.

**Additional Training**

You, your managers, and other employees shall also attend such additional training and refresher courses, seminars and other training programs as we may require from time to time. Other than as described above, we do not provide any other mandatory or optional training courses.

**ITEM 12  
TERRITORY**

You will operate the Franchised Business at a specific location approved by us (referred to as your “Approved Location”). Once you have secured your Approved Location, we will provide you a Territory within which you will have certain protected rights.

You may not relocate the Franchised Business to any other location without our prior written consent. You must reimburse us for our actual costs for assistance with your relocation, including site selection assistance and operational assistance. If we approve any relocation of your Franchised Business, you must de-identify the former location before opening your relocated business.

You will receive an exclusive territory around your Approved Location with at least 50,000 people (your “Territory”). We will not operate Fly Dance Fitness® Studios or grant franchises for a similar or competitive business within your Territory.

Your territorial exclusivity does not depend on you achieving certain sales volumes, market penetration or other contingency. There are no circumstances under which we may alter your territorial rights.

You are restricted from advertising outside your Territory without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing, Internet, or television solicitation programs or use any other advertising media outside of your Territory without our prior written approval.

We retain the right, in our sole discretion, to offer goods and services identified by our principal trademarks and other brands through channels of distribution other than through Fly Dance Fitness® Studios to locations and customers located anywhere, including those residing in your Territory, with no compensation due to you from such sales. We also reserve the right to sell goods through mail order, catalog sales, telemarketing, Internet, television, newspaper, and any other advertising media to consumers located anywhere, including within your Territory, with no compensation due to you from such sales.

You do not receive the right or any option to acquire additional franchises within your Territory.

Neither we nor our affiliates have any plans to operate or conduct a business similar to that being offered in this Franchise Disclosure Document.

### **ITEM 13 TRADEMARKS**

Under the Franchise Agreement, you will be granted the right to establish and operate a Fly Dance Fitness under the Proprietary Marks, including our primary mark “Fly Dance Fitness,” and such other trademarks, trade names, and service marks as we may designate as part of the System.

The following marks have been registered or filed for registration on the Principal Register of the United States Patent and Trademark Office (“USPTO”) by our affiliate, You So Fly, LLC. Our affiliate has granted us a license to use the marks and sublicense the use of the marks to our franchisees in conjunction with the operation of Fly Dance Fitness Studios. The license agreement is for a perpetual term and may be terminated by either party in the event of a material breach of the agreement by the other party that is not cured. If the agreement is terminated, our franchisees may continue using the marks through the end of the terms of their franchise agreements as may be renewed.

Additionally, we and our affiliate may file other applications for certain slogans we use, variations of our design marks, and for use of our marks in other classes. These additional applications will also fall under our Proprietary Marks.

<b>Mark</b>	<b>Serial or Registration Number</b>	<b>Date of Application or Registration</b>
FLY DANCE FITNESS	Reg. No. 7148760	Registered: August 29, 2023
	Reg. No. 7148764	Registered: August 29, 2023

THROW DOWN	Reg. No. 7342450	Registered: April 2, 2024
YOU SO FLY	Reg. No. 7677132	Registered: February 4, 2025
	Serial No.: 98553864	Filed: May 16, 2024
SO FLY STEP	Serial No.: 99096079	Filed: March 20, 2025

Because no federal registration is at least six years old, no affidavits are required at this time. The Proprietary Marks have not yet been renewed.

We do not have a federal registration for the trademarks with the serial numbers 98553864 and 99096079. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

On November 6, 2023, we entered into a Mutual Letter of Consent with Core Health & Fitness, LLC, the owner of certain “THROWDOWN” registered trademarks, which allows us to proceed with the registration of our “THROW DOWN” mark subject to limiting the services covered by the mark to “dance” fitness classes.

Other than as stated above, there are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding, or any pending material federal or state litigation involving the Proprietary Marks.

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise. We know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks.

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

that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement.

We may designate new, modified or replacement marks for your use, and require you, at your own expense, to use them in addition to or instead of any of the previously designated Proprietary Marks. These requirements may include, among things, conducting business under a different trade name.

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

There are no registered patents or copyrights material to your operation of the franchise. There are no pending patent applications that are material to the franchise. We do have irrevocable licenses to use the Proprietary Marks from our affiliate, You So Fly, LLC, which are material to the franchise.

We currently create certain choreographies that are provided in our Throw Down library of videos and are made available to our franchisees and Thrown Down certified instructors only. We may, in the future, enter into licensing or assignment agreements with certain choreographers to license the right to use or to completely own the rights to certain copyrightable choreographies.

We claim common law copyright and trade secret protection for many elements of the System, including our confidential information, which includes our trade secrets, our choreographies, supplier information, operational standards, advertising, marketing and brand strategy information and other information relating to the establishment and operation of a Fly Dance Fitness that we designate as “Confidential Information”, our trade dress, copyrighted works and any designs or processes that may in the future be subject to a patent.

You may not, and you must use your best efforts to ensure that no other person discloses or uses (except as authorized by the Franchise Agreement) any of the contents of the Manual or any other trade secrets, whether during or after the term of your Franchise Agreement.

You must notify us immediately of any claim of patent or copyright infringement. We may choose, in our sole discretion, to defend and indemnify you against any patent or copyright infringement claims only if we determine, in our sole discretion, that you have not directly, indirectly, or knowingly committed any act of infringement. Should we choose to defend or indemnify you against claims of copyright or patent infringement, you agree to cooperate by signing any documents or papers, including settlement agreements and mutual releases which we find acceptable, and by providing litigation support as needed, to aide us in defending the claims brought against you. We are not, however, responsible for and will not indemnify you or defend you against any copyright or patent infringement claims brought against you if we have reason to believe that you engaged in copyright or patent infringement of material that we did not authorize or approve, or if you were previously notified by us to cease from using, distributing, publishing, or disseminating any copyrighted, patented, or previously licensed material, choreography, photos, or any other copyrightable or patentable material.

**ITEM 15**  
**OBLIGATIONS TO PARTICIPATE IN THE ACTUAL**  
**OPERATION OF THE FRANCHISED BUSINESS**

You, or, if you are a business entity, an owner of your business entity owning no less than 50% of your business entity, must personally participate in the day-to-day operation of your Franchised Business or Franchised Businesses (this person deemed a “Key Person”). You, your Key Person, and all owners, will be bound by certain provisions of the Franchise Agreement, including the confidentiality, non-compete and non-solicitation provisions. You or a Key Person must attend our Initial Training program and complete it to our satisfaction. We may allow you to operate the Franchised Business under the daily supervision of a Manager who has been trained and approved by us. Any and all managers that you hire must agree to be bound by restrictive covenants and confidentiality provisions described in the Franchise Agreement, and to keep in confidence and prevent from unauthorized dissemination all trade secrets including but not limited to our Standards, our Manual of Operations (the “Manual”) and any and all other trade secret and confidential information. If you engage a Manager, they must execute a form substantively the same as the Sample Non-Competition and Non-Disclosure Agreement for Employees (subject to your modification to comply with state law) attached to the Franchise Agreement as an Attachment.

If you are a business entity (limited liability company, corporation, partnership, etc.), then each of your shareholders/members/partners (the “Owners”), as applicable, must sign the form of Guaranty and Non-Compete Agreement attached to the Franchise Agreement as an Attachment (the “Guaranty”). Your spouse (if you are an individual) or the spouses of the Owners (if you are a business entity) are not required to sign the Guaranty.

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

You must offer the Approved Services and Approved Products that we expressly authorize through your Franchised Business and may only offer these products and services at the Approved Location and in the manner prescribed in your Franchise Agreement and our Manuals. You are prohibited from offering any other products or services. We may supplement, revise and/or modify our Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

If we discontinue any Approved Service or Approved Product offered by the Franchised Business, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the Approved Location of your Franchised Business for any other business purpose other than the operation of your Franchised Business.

**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 FDD.**

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the franchise term	3.1	The term is 10 years from the effective date of your franchise agreement
b. Renewal or extension of the term	3.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. If you are not in default, you may renew for two additional five-year terms.
c. Requirements for franchisee to renew or extend	3.3, 3.4	You must notify us six (6) months before the end of the term if you wish to exercise your option to renew, sign our then-current Franchise Agreement which may contain materially different terms and conditions than your original agreement, sign a general release (subject to applicable state law), meet our current standards, and pay us the renewal fee.
d. Termination by franchisee	12.5.1	You may only terminate the Franchise Agreement as allowed by state law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	12.1,12.2,12.5.2	We have the right to terminate the Franchise Agreement with cause.
g. “Cause” defined - curable defaults	12.2	We have the right to terminate Franchise Agreement after providing 30-day cure period if failure to comply with Operations Manual and other terms of the franchise agreement.
h. “Cause: defined - non curable defaults	12.3	We have the right to terminate Franchise Agreement without notice or opportunity to cure if; you abandon the franchise; you or any of your Key Persons file for

		<p>bankruptcy or become insolvent; you sell, assign, or transfer any part of the franchise without our approval; you knowingly understate Gross Sales or withhold payments due to us; you default on your obligations, after being given notice and an opportunity to cure; you make any misrepresentation with regard to acquiring a franchise; you engage in conduct which reflects unfavorably on the operation and reputation of the franchised business or the system; you fail to abide by or comply with any state, federal, or related administrative agency law, regulation or order within 10 days after receiving notice; you fail to make any payments when due to us; you solicit any of our employees without our consent; you fail to complete your Initial Training Program to our satisfaction; you fail to sign a lease for your location with our approval within 180 days of executing the Franchise Agreement; if you fail to open the franchise within 12 months of signing the Franchise Agreement; If your actions/inactions interfere with our relationships with vendors or other franchisees; you make any material misrepresentations or omissions in your franchise application or in reporting gross sales; you abandon or fail to activate your studio for a set amount of time; you make a transfer in violation of the Franchise Agreement; You are convicted of, plead guilty or no contest to a felony or another crime that may affect your reputation or the reputation of the studio, or the marks; you lose the right to possess your Location; a lender forecloses on the assets of your franchise; you misappropriate</p>
--	--	--

		<p>any of our Confidential Information; you fail to maintain insurance and do not cure such failure within 5 days of written notice of such failure; you fail to pay any state or federal taxes when due; you breach the Franchise Agreement on 3 separate occasions within any 12 month period after we've provided you with the required written notice; you repeatedly fail to pay vendors or suppliers within 30 days of due date; any other contract existing between you and us or one of our Affiliates is terminated before the term expires, regardless of the reason; you make an assignment for the benefit of creditors; you fail to comply with any obligation under the Franchise Agreement and any system standard within 30 days of receiving notice of your non-compliance.</p>
<p>i. Franchisee's obligations on termination/non-renewal</p>	<p>13.2, 13.3, 13.4</p>	<p>Upon termination or nonrenewal of the Franchise Agreement, you must: cease all operations and promptly pay all sums you owe us, our affiliates, or vendors; Cease using the Proprietary Marks and System; return to us the Operations Manual, customer lists, proprietary and Confidential Information; Assist in transferring all of your telephone numbers to us; return all items reflecting the Licensed Marks and cease holding yourself out as our franchisee; Cease to use in advertising or in any other manner any methods, procedures or techniques associated with us; Turn over all customer lists and any other information you may have about former, existing or potential customers, and set up mail forwarding as we direct; obtain an errors and omissions tail policy reasonably satisfactory to us; vacate</p>

		the Location if we exercise our rights under the Lease Rider.
j. Assignment of contract by franchisor	9.1	There are no restrictions on our right to assign the Franchise Agreement.
k. Transfer by franchisee - defined	10.1(b)	The sale, transfer or assignment of all or any portion of the Franchise Agreement or the ownership interests in the franchisee entity requires our prior written consent and occurs if you or any person owning any direct or indirect equity interest in you, shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in your Franchise or any portion of it.
l. Franchisor approval of transfer by franchisee	10.2,10.3	We have the right to approve all transfers. You may not transfer any rights in the franchise without our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	10.2	Transfers will be approved if the transferee meets our qualifications; all obligations under the Franchise Agreement have been met or defaults have been cured; the transferee is compliant under all agreements with us, if any; You execute a general release in favor of us and our affiliates (subject to applicable state law); The transferee executes our then-current Franchise Agreement; The transferee or you pays us a transfer fee; and The transferee and its personnel have completed the Initial Training program to our satisfaction.
n. Franchisor's right of first refusal to acquire franchisee's business	10.5	We have a right of first refusal to purchase any interest for which you receive a bona fide offer to purchase from a third-party.
o. Franchisor's option to purchase franchisee's business	N/A	We do not have an option to purchase the assets of your Franchised Business upon the expiration or termination of the

		Franchise Agreement.
p. Death or disability of franchisee	10.4, 10.4.1	If you are a natural person and not a business entity, then upon your death or disability your survivors may transfer your rights. Transfer must occur within nine (9) months, subject to our approval. We are under no obligation to operate your Studio, however, we may operate your Studio at your expense. We may pay out the revenues of your Studio to cover any past, current or future obligations of your business. We may pay ourselves a reasonable amount to reimburse us for management services and other costs. You or your estate will indemnify us against any and all costs and/or liabilities in connection with, or related in any way to, the operation of the Studio.
q. Noncompetition covenants during the term of the franchise	12.2(a)	No involvement with a competing business.
r. Noncompetition covenants after the franchise is terminated or expires	12.2(a)	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, you and your owners may not engage, directly or indirectly, as an owner, operator, employee, agent, producer, manager, consultant, instructor, or otherwise have any interest in any business that is competing in whole or in part with Fly Dance Fitness; engage, directly or indirectly, as an owner, operator, employee, agent, producer, manager, consultant, instructor or otherwise have any interest in any fitness related business at or within 10 miles of any franchised Fly Dance Fitness or any Fly Dance Fitness operated by us, by our affiliates, or by any franchisee. (subject to applicable state law)
s. Modification of the	15.22	No modification without signed

agreement		agreement or amendment, but we may modify the System and the Manual. We may also modify our trademarks which you must use, in our discretion
t. Integration/merger clause	15.8	The Franchise Agreement contains all terms that will govern the franchise relationship. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	14.1	All disputes arising under the Franchise Agreement must be resolved by Arbitration administered by the American Arbitration Association according to its Commercial Arbitration Rules (subject to applicable state law)
v. Choice of forum	15.17	Then-current location of our headquarters; currently, Sarasota, Florida (subject to applicable state law)
w. Choice of law	15.8	Florida law applies (subject to applicable state law)

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATION**

The FTC's Franchise Rule permits a Franchisor to provide information about the actual or potential financial performance of its franchise and/or Franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the FDD. Financial performance information that differs from that included in Item 19 may also be given, but only if: (1) a Franchisor provide 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.

This Item 19 provides a historical financial performance representation for one (1) Fly Dance Fitness Studio that our affiliate, You So Fly LLC, has operated in Sarasota, FL since August 2019. The profit and loss statement below contains data from January 1, 2024 to December 31, 2024. There were no other Fly Dance Fitness Studios in operation during this time period. Our affiliate-owned Fly Dance Fitness Studio is similar to the franchise offered under this Disclosure Document except that our affiliate has different financial obligations and is not required to pay an ongoing royalty or brand fund contribution. The profit and loss statement below has been adjusted as disclosed in the notes following the table to remove certain income and expenses that our affiliate experienced during the disclosed time period that are not typical of the franchise offered under this Disclosure Document. The profit and loss statement has also been adjusted to add the Royalty Fees that our affiliate would have incurred if it operated pursuant to the form of franchise agreement attached to this Disclosure Document.

The financial performance information for our affiliate-owned Fly Dance Fitness Studio was taken from its accounting software and has not been independently audited.

[Remainder of Page Intentionally Left Blank]

**You So Fly LLC**  
**Adjusted Profit and Loss Statement**  
**January 1, 2024 - December 31, 2024**

	<b>Total</b>
<b>Income</b>	
Studio Membership/Package Sales	\$206,856.18
Studio Retail Sales	\$31,832.31
Sales of Product Income	\$5,898.16
<b>Total Income</b>	<b>\$244,586.65</b>
<b>Cost of Goods Sold</b>	
Cost of Goods Sold	\$12,455.60
Contractors	\$21,960.00
<b>Total Cost of Goods Sold</b>	<b>\$34,415.60</b>
<b>Gross Profit</b>	<b>\$210,171.05</b>
<b>Disclosed Expenses</b>	
Advertising & Promotion	\$6,000.00
Alarm and Security Expense	\$641.88
Bank and Credit Card Fees	\$4,800.00
Computer and Software Expenses	\$4,428.00
Dues and Subscriptions	\$419.45
Insurance	\$3,690.50
Job Supplies	\$2,061.12
Accounting	\$1,350.00
Licenses Expense	\$905.50
Meals & Entertainment	\$500.00
<b>Payroll Expenses</b>	
Taxes	\$3,195.42
Wages	\$22,374.56
<b>Total Payroll Expenses</b>	<b>\$25,569.98</b>
Rent & Lease	\$30,750.00
Sales Tax Paid	\$2,346.57
Telephone and Internet	\$3,348.67
Utilities	\$3,369.25
<b>Total Disclosed Expenses</b>	<b>\$90,180.92</b>
<b>Adjusted Net Income</b>	<b>\$119,990.13</b>
Estimated Royalty Fees (6% of Total Income)	\$14,675.20
<b>Adjusted Net Income Less Estimated Royalty Fees</b>	<b>\$105,314.93</b>

Notes:

1. “Total Income” means the total gross revenue from the provision of all products and services sold or performed in, at, from or away from the Studio, or through or by means of the Studio's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of collection. Notwithstanding the foregoing, Total Income was adjusted to remove (1) a management fee of \$28,500 that we pay our affiliate for rent and services, (2) \$46,448.32 of income that our affiliate derived from instructor certification courses, (3) \$3,280 that our affiliate earned from touring and holding classes outside of its surrounding area (the equivalent of a Territory under this Disclosure Document), and (4) \$556,591.84 that our affiliate earned from virtual class subscriptions . These are not sources of income that we expect our franchisees to experience or that they are permitted to experience under the franchise agreement. After these adjustments, “Total Income” is the same as “Gross Sales” as used in this Disclosure Document.

2. “Cost of Goods Sold” means the costs directly incurred with providing the products and services sold or performed by our affiliate. Cost of Goods Sold has been adjusted to remove the following expenses that our affiliate incurred that we do not expect our franchisees to incur:

- a. “COGS” was adjusted to remove \$2,555.88 that our affiliate incurred for (1) shipping costs related to online orders and (2) holding a class in New York City.
- b. “Contractors” was adjusted to remove \$6,172.50 that our affiliate incurred from paying instructors to record choreography.

3. “Disclosed Expenses” are some, *but not all*, of the expenses that our affiliate incurred during the year. Disclosed Expenses does not include the following expenses that our affiliate incurred during the year that we do not expect our franchisees to incur:

- a. \$4,347.37 of Charitable Contributions that our affiliate made during the year.
- b. \$3,563.70 of Holiday Party and Furnishings and Décor expenses that our affiliate incurred for hosting a holiday party.
- c. \$16,317 of Legal & Professional Services expenses that our affiliate incurred for CFO Consulting, General Counsel, Leasing Attorney, and Trademark Attorney.
- d. \$1,596 of Employer Health Insurance Contributions and related Reimbursements for health insurance premiums paid to our affiliate’s full-time Business Development Manager (see below).
- e. \$186.50 of QuickBooks Payments Fees that our affiliate incurred for QuickBooks’ optional handling of certain taxes.
- f. \$11,229.74 of Repairs & Maintenance expenses that our affiliate incurred for (1) replacing an air conditioning unit that was approximately 14 years old, (2) re-sealing floors that were 10 years old.
- g. \$177.95 of Shipping and Delivery expenses that our affiliate incurred related to its website for online retail sales.
- h. \$9,582.97 of Travel expenses that our affiliate incurred.
- i. \$9,533.04 of Website expenses that our affiliate incurred.

4. Certain categories of “Disclosed Expenses” have been adjusted to account for material operational or financial differences between the affiliate location and the franchise offered under this Disclosure Document. These adjustments are disclosed below:

- a. “Advertising & Promotion” was adjusted to remove \$42,111.02 in advertising costs our affiliate incurred. Our affiliate advertises on a national level for virtual memberships, which our franchisees will not do. The remaining figure of \$6,000 per month represents the required \$500 per month that our franchisees must spend on Local Advertising in their Territory.

- b. “Alarm and Security Expense” was adjusted to remove \$160.47 that our affiliate incurred above the average monthly amount of \$53.49 for payments allocated to the prior year’s alarm and security services.
- c. “Bank and Credit Card Fees” was adjusted to remove \$2,160.37 because our affiliate switched payment processors and began utilizing the MindBody Payments processor, which our franchisees are required to use. The remaining figure of \$4,800 is the approximate cost we expect our franchisees to incur on an annual basis for bank and credit card processing fees.
- d. “Computer and Software Expenses” was adjusted to remove \$14,505.72 that our affiliate incurred for CRM Software, Scheduling Software, Zoom Subscription, Annual App fees, DocuSign, Canva, MindBody Technical Account Manager, LastPass, and Circle Platform fees.
- e. “Insurance” was adjusted to remove \$1,899 that our affiliate incurred for personal life insurance policies on its owners.
- f. “Licenses Expense” was adjusted to remove \$888.75 that our affiliate incurred related to trademark-specific expenses.
- g. “Meals & Entertainment” was adjusted to remove \$5,187.54 that our affiliate incurred for meals and entertainment during the year. The remaining amount of \$500 is our estimate for what a franchisee may incur for instructor birthday treats and team outings during the year.
- h. “Payroll Expenses – Taxes” was adjusted to remove \$15,279.84 that our affiliate incurred related to its full-time Business Development Manager (franchisees won’t hire that role) and its two owners’ salaries.
- i. “Payroll Expenses – Wages” was adjusted to remove \$211,798 of wages related to (1) a full-time Business Development Manager whose costs are split between us and our affiliate, and (2) both owners’ base salaries. The remaining amount of \$22,374.56 accounts for wages that our affiliate paid for three (3) part-time hires, which is what we expect our franchisees to incur for front desk hourly staff.

5. Our affiliate provides, on average, three (3) class offerings per day, and no more than 18 classes offered per week. We do not limit the number of classes our franchisees offer, and we encourage our franchisees to offer more class times on their schedules than our affiliate offers.

6. The financial performance representations in the Tables above do not reflect certain operating and non-operating costs and expenses that must be deducted from the Total Income figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information. “Adjusted Net Income” also does not include \$6,360.50 that our affiliate earned during the year from a money market account.

7. As disclosed above, our affiliate does not pay us Royalty Fees. “Estimated Royalty Fees” in the above table is the estimate of what our affiliate would have paid if it were required to pay 6% of its Gross Sales (*Total Income*) to us in Royalty Fees.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**

Other than the preceding financial performance representation, 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 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 Fly Dance Fitness Franchising, LLC, 999 Cattlemen Rd., F, Sarasota, Florida 34232 or (941) 993-7495; the Federal Trade Commission; and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2023</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2024</b>	<b>1</b>	<b>1</b>	<b>0</b>

\*This outlet is owned and operated by our affiliate, You So Fly, LLC, as described in Item 1.

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2022 to 2024**

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Table No. 3  
Status of Franchised Outlets  
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other	Outlets at End of the Year
-------	------	--------------------------	----------------	--------------	--------------	--------------------------	-------------------------	----------------------------

							Reasons	
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

**Table No. 4  
Status of Company-Owned Outlets  
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

**Table No. 5  
Projected Openings as of December 31, 2024**

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
California	0	2	0
Colorado	1	1	0
Florida	3	3	0
Georgia	1	1	0
Illinois	0	1	0
Indiana	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
South Carolina	1	1	0
Tennessee	1	1	0
Texas	1	1	0
Utah	1	1	0
<b>Totals</b>	<b>9</b>	<b>16*</b>	<b>0</b>

\*As of the Issuance Date of this Disclosure Document, one franchisee in Colorado, one franchisee in Florida, one franchisee in Georgia, and one franchisee in South Carolina have opened for business. Their respective franchise agreement is reflected in the “Franchise Agreement Signed but Outlet Not Opened”

column in Table No. 5 as they were not open as of December 31, 2024.

Exhibit C to this Disclosure Document lists the name, business address, and business telephone number of each current franchisee as of the Issuance Date of this Disclosure Document.

The name, city and state, and the current business telephone number (or, if unknown, the last known mobile phone number) of the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document are listed in Exhibit C to this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In the last three fiscal years, we have not entered into any agreements with franchisees that contain confidentiality clauses restricting their ability to communicate with you. We are not aware of any trademark-specific franchisee organizations that are associated with our franchise system.

### **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit D are our audited financial statements for the fiscal years ending December 31, 2024, and December 31, 2023. We have not been franchising for three or more years and cannot therefore provide all financial statements that would have otherwise been required in this Item. Our fiscal year end is December 31st.

### **ITEM 22 CONTRACTS**

Copies of the following contracts or documents are also attached as Exhibits to the Disclosure Document that you may be required to execute in connection with your franchise purchase:

Franchise Agreement	Exhibit A
Attachment 1: Data Sheet	
Attachment 2: Franchisor's Lease Rider	
Attachment 3: Guaranty and Non-Compete Agreement	
Attachment 4: Sample Non-Competition and Non-Disclosure Agreement for Employees	
State-Specific Addenda (if and as applicable)	Exhibit F
Sample Waiver and Release of Claims	Exhibit G

### **ITEM 23 RECEIPT**

A receipt in duplicate is attached as the last two pages to this Disclosure Document. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to us at: Fly Dance Fitness Franchising, LLC, 999 Cattlemen Rd., F, Sarasota, Florida 34232, Attn: Stacey Marks.

**Exhibit A to the Franchise Disclosure Document**

**FLY DANCE FITNESS FRANCHISING, LLC  
FRANCHISE AGREEMENT**

FLY DANCE FITNESS FRANCHISING, LLC  
FRANCHISE AGREEMENT

This Fly Dance Fitness Franchising, LLC Franchise Agreement (the “**Agreement**” or “**Franchise Agreement**”) is made effective as of the Effective Date stated at the end of this Agreement (the “**Effective Date**”), by and between Fly Dance Fitness Franchising, LLC, a Florida limited liability company whose principal business is located at 999 Cattlemen Road, F, Sarasota, Florida 34232, (“**Franchisor**”) and the individual(s) or entity identified as “Franchisee” at the end of this Agreement (“**Franchisee**”).

RECITALS

WHEREAS Franchisor owns, has the right to use and/or has developed with its affiliate: the “Fly Dance Fitness” name and such other related trademarks, trade names, service marks, logotypes, insignias, trade dress and designs as Franchisor may expressly authorize from time to time (the “**Trademarks**” or “**Marks**”) for use in connection with the development, operation and maintenance of a dance fitness studio (the “**System**”) and Franchisor’s trade secrets and procedures for the operation of the Franchised Business, including advertising, sales techniques, materials, signs, personnel management and control systems, bookkeeping and accounting methods, and in general, a style, system and method of business operation (the “**System Standards**”); and

WHEREAS Franchisee desires to obtain a franchise and license to use the System and Trademarks in conjunction with the operation of a Fly Dance Fitness business in accordance with the terms and conditions of this Agreement and the Operations Manual (the “**Franchised Business**” or “**Studio**”).

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee agree as follows:

**Section 1. Grant of Franchise and License.** Franchisor hereby grants to Franchisee and Franchisee hereby accepts, a license to use and display the Trademarks, trade dress, and to use the Fly Dance Fitness Studio System, in connection with the operation of one (1) Franchised Business, upon the terms and subject to the provisions of this Agreement, during the term hereof. In conjunction with executing this Agreement, Franchisee shall complete the Data Sheet attached hereto as Attachment 1, which is an integral portion of this Agreement.

**Section 2.**

Location, Territory, and Relocation

2.1. **Location.** The above grant is to operate a single Franchised Business utilizing the System at the address identified on the Data Sheet attached hereto as Attachment 1 (the “**Approved Location**”). Franchisee will not use the System (or any portion thereof) or the Trademarks (or any derivation thereof) at any other location or for any other purpose, and Franchisee shall not conduct any activities from the Approved Location other than the operation of a single Franchised Business in the manner permitted by

this Agreement and the Operations Manual for so long as this Agreement is in effect. Franchisor will provide Franchisee with its criteria for selecting and approving the Approved Location.

**2.2 Site Selection Area and Lease.** If the Approved Location has not been approved by Franchisor as of the Effective Date of this Agreement, Franchisee shall have one hundred and eighty (180) days after the Effective Date in which to sign a lease for the Approved Location, which must be pre-approved by Franchisor, within the geographic area designated on the Data Sheet attached hereto as Attachment 1 (the “**Site Selection Area**”). Franchisee’s lease must be approved by Franchisor prior to execution, but Franchisor’s approval of Franchisee’s lease shall not be deemed a guarantee or representation of the success of the Franchised Business from the Approved Location subject to the lease. Franchisee shall ensure, unless such requirements are waived or modified by Franchisor, that the substantive provisions of the Franchisor’s Lease Rider attached hereto as Attachment 2 (the “**Lease Rider**”) are incorporated into the lease between Franchisee and its landlord for the Approved Location. Franchisor’s review and approval of the lease shall be limited to ensuring that the substantive provisions of the Lease Rider are incorporated into Franchisee’s lease, and Franchisor shall not be deemed to have given Franchisee legal or business advice related to the lease. Franchisee should, but is not required to, seek out legal counsel to review and negotiate the terms of the lease for the Franchised Business. Franchisor shall review Franchisee’s proposed locations for the Franchised Business within fourteen (14) days of receiving all information required by Franchisor. If Franchisor does not approve or deny of any proposed location within fourteen (14) days of receiving all required information, the proposed location shall be deemed denied. If Franchisor and Franchisee fail to agree on a Approved Location for the Franchised Business within one hundred and eighty (180) days after the Effective Date, Franchisor may terminate this Agreement upon notice to Franchisee, and Franchisee shall not receive any refund of the Initial Franchise Fee.

**2.3 Territory.** Franchisor will designate, in its sole discretion, a geographic area around the Approved Location designated on the Data Sheet attached hereto as Attachment 1 (the “**Territory**”). If a location has not been approved by Franchisor as of the Effective Date, then Franchisor will designate the Territory once a location has been approved. During the Term of this Agreement, Franchisor will not establish or license the establishment of a Fly Dance Fitness business within the Territory. However, Franchisor may, through itself or its affiliates, establish businesses within the Territory that do not operate under the Marks, and Franchisor may sell products and services that do not utilize the Marks to customers within the Territory. Franchisee may face competition from other Fly Dance Fitness businesses, whether franchised or operated by Franchisor or its affiliates, as customers can choose where they participate in Fly Dance Fitness services.

**2.4 Relocation.** Franchisee may only operate the Franchised Business at the Approved Location approved by Franchisor and designated in Attachment 1, and Franchisee may not move or relocate the Franchised Business except with Franchisor’s prior written consent, which Franchisor may withhold or grant in its sole discretion. In deciding to approve or deny a relocation request, Franchisor may consider, among other things, the viability of the existing Approved Location, the demographics of the proposed location, and Franchisee’s compliance with this Agreement. If Franchisor approves Franchisee’s request to move or relocate the Franchised Business, Franchisee must reimburse Franchisor for its costs incurred with overseeing and assisting with the relocation of the Franchised Business.

**2.5 Maintenance & Remodeling.** Franchisee must maintain the Franchised Business in good condition, including, without limitation, providing and performing ongoing maintenance to all furniture, fixtures, and equipment at the Approved Location at Franchisee's sole expense. If, for any reason, Franchisor determines that the Approved Location does not conform to its System Standards or design requirements, Franchisor may require Franchisee to remodel the Approved Location at Franchisee's own expense, and Franchisee shall complete all required remodeling within ninety (90) days after receiving written notice from Franchisor that the Approved Location must be updated or remodeled to bring it into conformity with the System and Franchisor's Standards.

### **Section 3.** Term and Renewal

3.1. **Term.** This Agreement shall commence on the Effective Date and shall terminate, unless sooner terminated or renewed in accordance with the terms and conditions of this Agreement, ten (10) years after the Effective Date (the "**Initial Term**"). The Initial Term and any Renewal Term(s) shall constitute the "**Term**" of this Agreement. The Term may continue, in Franchisor's sole discretion, until the end of Franchisee's initial lease term for the Approved Location.

3.2. **Renewal.** Franchisee may renew this Agreement for two (2) successive renewal terms of five (5) years each, which shall run successively after the Initial Term and the first renewal term (each a "**Renewal Term**"). Franchisee must notify Franchisor of its intent to renew this Agreement in writing not less than six (6) months prior to the expiration of the Initial Term. Franchisee must meet the following conditions to be eligible to renew this Agreement:

- a. Franchisee must not be in default of any provision of this Agreement past applicable notice and cure periods;
- b. Franchisee must pay Franchisor a renewal fee equal to five thousand dollars (\$5,000.00);
- c. Franchisee must pay Franchisor any and all past-due amounts;
- d. Franchisee must execute Franchisor's then-current form of franchise agreement, the terms of which may be materially different from the terms of this Agreement;
- e. Franchisee must execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and their officers, directors, attorneys, shareholders and employees;
- f. Franchisee must update or remodel the Approved Location to meet Franchisor's then-current System Standards for the operation of a Fly Dance Fitness Studio; and
- g. Franchisee and any employees of Franchisee required by Franchisor must attend and complete Franchisor's then-current initial training program or similar training program to Franchisor's satisfaction prior to the end of the Initial Term.

3.3 **Renewal Exception.** If Franchisor is no longer offering or selling Fly Dance Fitness franchises at the time Franchisee must notify Franchisor of its intent to renew this Agreement, Franchisor shall not be obligated to renew this Agreement and Franchisee shall not be entitled to any renewal(s) of this Agreement.

### **Section 4.** Payments and Fees

4.1. **Initial Franchise Fee.** Franchise shall pay Franchisor an initial franchise fee in the amount of thirty-five thousand dollars (\$35,000.00) (the “**Initial Franchise Fee**”) in lump sum upon the execution of this Agreement. The Initial Franchise Fee shall be nonrefundable and deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in entering into this Agreement and for Franchisor’s lost or deferred opportunity to license others to operate a Fly Dance Fitness franchise within the Territory or Site Selection Area.

4.2. **Royalty Fee.** Beginning when Franchisee commences operation of the Franchised Business (i.e., when the Franchised Business is generating revenue) and continuing throughout the remainder of the Term, Franchisee shall pay Franchisor a monthly royalty fee equal to six percent (6%) of the Franchised Business’s Gross Sales from the immediately preceding month (the “**Royalty Fee**”). Franchisee shall pay Franchisor the Royalty Fee on the first business day of each month or on such other date as Franchisor may designate in writing from time to time.

a. Definition of Gross Sales. “Gross Sales” shall mean the total revenue generated by the Franchised Business from the offer, sale and provision of the Approved Services and Approved Products, including all membership-related fees (such as initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, monthly, semi-annual, or yearly dues, and all revenues generated and derived during any presale of memberships) regardless of the amount of monthly membership fees Franchisee actually collects. Gross Sales also includes: (i) the fair market value for any service or product Franchisee receives in barter or exchange for Franchisee’s services or products, the retail value of any discounted and/or complementary (free) services (including membership packages) or products given to Members; and (ii) all “business interruption” or comparable insurance proceeds that Franchisee receives in connection with an alleged or actual loss of Gross Sales via the Franchised Business due to a casualty to or similar event at the Franchised Business. “Gross Sales” does not include (a) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, or (b) the value of any allowance issued or granted to any Member of the Franchised Business that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Services.

4.3. **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “EFT Program”), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall (1) provide Franchisor with Franchisee’s bank name, address and account number and a voided check from such bank account; and (2) sign and provide to Franchisor and Franchisee’s bank all documents, including Franchisor’s form of EFT Authorization Form, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account.

4.4 **Timing of Payments.** Franchisor and Franchisee agree that Franchisor may collect the Royalty Fee, as well as other recurring fees due under this Agreement, on a weekly, daily or monthly interval based on

the Gross Sales generated by the Franchised Business over the preceding reporting period (business day, week or calendar month), as it determines appropriate and designates in a prior writing to Franchisee. Franchisor may change the timing of payments and collections hereunder upon thirty (30) days' notice to Franchisee.

**4.5 Late Payments.** If Franchisee shall fail to pay to Franchisor the entire amount of the Royalty Fee or any other amount owed to Franchisor under this Franchise Agreement promptly when due, Franchisee shall pay to Franchisor, in addition to all other amounts which are due but unpaid, interest on the unpaid amounts, from the due date thereof, at the rate of two and one-half percent (2.5%) per month, or the highest rate allowable under applicable law, whichever is less.

**4.6 Application of Payments.** Notwithstanding any designation Franchisee might make, Franchisor has sole discretion to apply any of Franchisee's payments to any of Franchisee's past-due indebtedness to Franchisor. Franchisee acknowledges and agrees that Franchisor has the right to set off any amounts Franchisee owes Franchisor against any amounts Franchisor might owe Franchisee.

**4.7 Discontinuance of Service.** If Franchisee fails to timely pay Franchisor any amount(s) due under this Agreement, Franchisor may discontinue any services to Franchisee without limiting any of Franchisor's other rights under this Agreement.

**4.8 Brand Fund Fee.** Franchisor reserves the right to establish an advertising and marketing fund (the "**Brand Fund**") in the future for the common benefit of all franchises. If Franchisor establishes the Brand Fund, Franchisee shall contribute up to three percent (3%) of Franchisee's monthly Gross Sales to the Brand Fund at the same time and in the same manner as Franchisee pays the Royalty Fee to Franchisor (the "**Brand Fund Fee**").

**4.9 Other Payments to Franchisor.** In addition to all other payments provided herein, Franchisee shall pay to Franchisor, or its subsidiaries, affiliates or designees, as applicable, promptly when due:

a. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, imposed upon Franchisee and required to be collected or paid by Franchisor on account of goods or services furnished by Franchisee by sale, lease or otherwise or on account of Royalties, Initial Fees, or other amounts collected by Franchisor from Franchisee; and

b. All amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay, on behalf of Franchisee for any reason whatsoever.

**4.10 Time Is Of The Essence.** Time is of the essence with regard to all payments due under this Franchise Agreement.

**4.11 Guaranty and Non-Compete Agreement.** To help secure the timely payment and full performance of Franchisee under the Franchise Agreement and to protect Franchisor's legitimate business interests, all owners of Franchisee, including without limitation all partners, shareholders, and members, shall execute Franchisor's standard form of Guaranty and Non-Compete Agreement attached hereto as Attachment 3.

4.12 **Technology Fee.** Beginning in the month after Franchisor has approved of the Approved Location for the Franchised Business and continuing throughout the term of this Agreement, Franchisee shall pay Franchisor an ongoing monthly fee for certain technology and software that Franchisor and its designated suppliers provide for the Franchised Business (the “**Technology Fee**”). The Technology Fee will be the then-current amount determined by Franchisor and must be paid at the same and in the same manner as the Royalty Fee is paid (except that the Technology Fee shall be paid monthly upon demand by Franchisor prior to the opening of the Franchised Business when no Royalty Fee is due). The Technology Fee is currently one hundred dollars (\$100) per month. Franchisor may increase or decrease the Technology Fee, without limitation, during the term of this Agreement as Franchisor’s technology and software requirements change and/or the cost of technology and related services by Franchisor’s suppliers changes.

## **Section 5.** Intellectual Property

5.1 **Non-Ownership of Trademarks.** Franchisor is the owner or contractual licensee of all right, title and interest in and to the Trademarks. Nothing herein shall give Franchisee any right, title or interest in or to any of the Trademarks, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

5.2 **Use of Trademarks.** Subject to Section 5.7, Franchisee agrees that the Franchised Business herein licensed and franchised shall be named “Fly Dance Fitness”, without any suffix or prefix attached thereto and that Franchisee shall use and display such of the Trademarks and such signs, advertising and slogans as Franchisor may from time to time prescribe or approve, including that Franchisee’s name shall be clearly marked on all Franchisee’s business stationery in a manner specified or approved by Franchisor and which clearly indicates that Franchisee is the person, owning and operating the Franchised Business, pursuant to a Franchise Agreement with Franchisor. Franchisee shall also use the symbols “TM” and “®”, when instructed to do so by Franchisor to indicate to the public Franchisor’s rights in the Trademarks and in order to protect Franchisor’s Trademarks and Franchisee’s licensee rights in Franchisor’s Trademarks. Franchisee shall use such design marks as designated by Franchisor from time to time. Upon the expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee’s name and on Franchisee’s behalf, any and all documents necessary to end and cause the discontinuance of Franchisee’s use of the Trademarks and Franchisor is hereby irrevocably appointed and designated as Franchisee’s attorney in fact so to do.

5.3 **Non-Use of Trade Name.** If Franchisee is a corporation, limited liability company, or partnership, or, if this Agreement is assigned by individuals to an entity to serve as Franchisee hereunder, Franchisee shall not use the Trademarks, or any words or symbols which are confusingly similar thereto, as all or part of Franchisee’s name.

5.4 **Use of Other Trademarks.** Except when authorized by Franchisor in writing, Franchisee shall not use any other marks in the marketing, advertising, or operation of the Franchised Business. Further, Franchisee shall not use any names, URLs or tag lines in any way relating to the operation of the Franchised Business other than those provided and approved by Franchisor.

5.5 **Defense of Trademarks.** If Franchisee receives notice, or is otherwise informed, of any claim, suit or demand against Franchisee on account of any alleged infringement, unfair competition, or similar matter

on account of its use of the Trademarks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Thereupon, Franchisor shall take such action as it may deem necessary and appropriate to protect and defend Franchisee against any such claim by any third party and Franchisor shall indemnify Franchisee against any loss, costs or expenses incurred in connection therewith. Franchisee shall not defend, settle, or compromise any such claim by a third-party without the prior consent of Franchisor. Franchisor shall have the sole right to defend, compromise, or settle any such claim, in its discretion, at Franchisor's sole cost and expense, using attorneys of its own choosing, and Franchisee agrees to cooperate fully with Franchisor in connection with the settlement and/or defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisor's decisions with regard thereto shall be final. In the event that Franchisee shall be prevented from using any of the Trademarks, including but not limited to the name "FLY DANCE FITNESS," or "THROW DOWN" by reason of such Trademark(s) infringing the property rights of any third party, Franchisee shall cease the use of such Trademark(s), and modify any and all signs, and other items display such Trademark(s) promptly upon receipt of notice from Franchisor, in the manner prescribed by Franchisor in such notice. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with the Franchise Agreement, the cost of Franchisee's defense, including the cost of any judgment or settlement, will be borne by Franchisor. However, if Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of Franchisee's defense, including the cost of any judgment or settlement, will be Franchisee's responsibility.

**5.6 Prosecution of Infringers.** If Franchisee receives notice or learns that any third-party may be using the Trademarks or any variant thereof without authorization from Franchisor, Franchisee shall promptly notify Franchisor of the facts relating to such alleged infringing use. Thereupon, Franchisor may, in its sole discretion, determine whether or not it wishes to take any action against such third-party on account of such alleged infringement of the Trademarks. Franchisee shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such alleged infringement.

**5.7 Modification of Trademarks.** Franchisor reserves the right, at its sole discretion, to designate one or more new, modified or replacement Trademarks for use by Franchisee in addition to or in lieu of any previously designated Trademarks. Any expenses or costs associated with the use of any such new, modified or replacement Trademarks shall be the sole responsibility of Franchisee. Franchisee shall use, modify, or discontinue using all Trademarks which Franchisor notifies Franchisee of in writing.

**5.8 Acts in Derogation of the Trademarks.** Franchisee agrees that the Trademarks are the exclusive property of Franchisor and now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof by virtue of Franchisee's licensed and/or franchised use thereof, or otherwise. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Trademarks only for the uses and in the manner licensed and/or franchised hereunder and as herein provided.

**5.9 Prohibition Against Disputing Franchisor's Rights.** Franchisee agrees that it will not, during or after the Term of this Agreement, in any way dispute or impugn the validity of the Trademarks licensed

hereunder, or the rights of Franchisor thereto, or the rights of Franchisor or other franchisees of Franchisor to use the same, both during the Term of this Agreement and thereafter.

**5.10 Assumed Name Registration.** Franchisee shall file with applicable government agencies or offices a notice of its intent to conduct its business under the assumed name designated by Franchisor in the form of “FLY DANCE FITNESS OF \_\_\_\_\_” with Franchisor determining the assumed business name that Franchisee shall operate under. Franchisee shall not otherwise file any assumed business name filing with local or state government agencies or offices. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if Franchisee shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, Franchisee hereby irrevocably appoints and designates Franchisor as Franchisee’s attorney in fact to do so for and on behalf of and in the name of Franchisee.

**5.11 Website.** Franchisor is the lawful, rightful and sole owner of the Internet domain name www.FlyDanceFitness.com (the “**System Website**”), as well as any other Internet domain names registered by Franchisor from time to time, and Franchisee does not have any ownership interest in such domain names or any similar Internet domain names. Franchisor shall have the right to modify the System Website as Franchisor deems necessary or appropriate in the best interest of the System. Franchisor reserves the right to establish a website subpage on the System Website or to create an individual website for Franchisee’s Franchised Business. If Franchisor does so, all content on Franchisee’s website must be created or approved by Franchisor. The only URL that Franchisee is permitted to use on marketing materials for the Franchised Business is the URL provided to Franchisee by Franchisor. Except as approved by Franchisor in writing, Franchisee must not establish or maintain a separate website, domain name, URL, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including all social media profiles on Facebook, Instagram, Twitter, TikTok, LinkedIn, YouTube, and any other social media or networking platform or website. If Franchisor provides a website for the Franchised Business, Franchisor will own the domain name and all content on the website, and the website will be maintained and modified by Franchisor unless Franchisor authorizes Franchisee in writing to maintain or modify the website. Notwithstanding the foregoing, Franchisor will own all intellectual property and other rights in the System Website, any website established for the Franchised Business, and all information they contain (including the domain name or URL for such website and the aggregate data and information collected by the website). Franchisor will maintain the System Website, including Franchisee’s webpage, and Franchisor may use the Brand Fund’s assets to develop, maintain and update the System Website. Franchisor periodically may update and modify the System Website (including Franchisee’s webpage). Franchisee must notify Franchisor if any information on Franchisee’s webpage is not accurate, and Franchisor will make such changes as Franchisor deems necessary. Franchisee acknowledges that Franchisor has final approval rights over all information on the System Website (including Franchisee’s webpage). If Franchisee is in default of any obligation under this Agreement or the System Standards, then Franchisor may, in addition to all other remedies, temporarily remove Franchisee’s webpage from the System Website until Franchisee fully cures the default. Franchisor may permanently remove Franchisee’s webpage from the System Website upon this Agreement’s expiration or termination. Franchisor also may, at its option, discontinue any or all System Websites at any time. Franchisee may not establish or maintain any social media pages or accounts associated with the Trademarks without Franchisor’s prior written consent. Franchisor may designate from time to time regional or territory-specific usernames/handles that Franchisee must utilize on social media platforms. Franchisee must strictly adhere to any social media policies that Franchisor establishes from time to time and will require all of

Franchisee's employees and contractors to do so as well. Franchisee must ensure that none of Franchisee's owners, managers, employees, or contractors use Franchisor's Trademarks on the Internet or social media except in strict compliance with Franchisor's policies and Manual. Use of social media, including any pictures that may be posted on, using or through one or more social media platforms, must be in compliance with the Manual and System Standards. All advertising, marketing and promotional materials that Franchisee develops for the Franchised Business must, at Franchisor's option, contain notices of and links to the System Website in the manner Franchisor designates. Franchisee shall not conduct commerce or directly or indirectly offer or sell any products or services using any website, electronic means or medium unless approved by Franchisor in this Agreement or otherwise by Franchisor in writing.

**5.12 Rules For The Use Of Marks.** Franchisee must use the Marks (and only the Marks) as the sole identification of the Franchised Business and only in the manner Franchisor prescribes in the Manual or otherwise in writing from time to time. Franchisee shall not use the Marks or any abbreviations thereof: (a) for any purpose not expressly authorized by this Agreement; (b) on or to identify any services, merchandise, products, or equipment, whether or not sold at the Franchised Business, except for those services authorized to be provided at Fly Dance Fitness Studios and items that are furnished or sold to Franchisee by Franchisor or Franchisor's authorized suppliers, vendors or distributors; or (c) at any location other than the Franchised Business at the Approved Location except in approved advertising and marketing. Franchisee shall not manufacture, use, sell, or distribute, or contract with any party other than Franchisor, Franchisor's affiliates, or Franchisor's approved vendors without Franchisor's prior written approval.

**5.13 Throw Down<sup>®</sup> Library (Trade Secret).** All content contained within Franchisor's Throw Down library is proprietary and confidential. Franchisee shall not share, disseminate, publish, or provide access to Franchisor's Throw Down library unless otherwise permitted by this Agreement or authorized by Franchisor in writing. Only Franchisee's owners, managers, and employees may have access to Franchisor's Throw Down library, provided that Franchisee must change the password used to access the Throw Down library each time an owner, manager, or employee's employment or business relationship with Franchisee is terminated, and that Franchisee shall take reasonable steps, in addition to changing the password, to monitor, track, and restrict access to the Throw Down library in order to protect the System's trade secret information.

**5.14 Assignment of All Intellectual Property Created During the Term.** Franchisee irrevocably and exclusively assigns any and all assignable intellectual property, including, but not limited to, any choreography, routines, systems, methods, trade names, trade dress, images, and anything that is subject to the federal and state copyright, patent, trademark and trade secret laws, that Franchisee creates during the Initial Term and any Renewal Term of the Agreement to Franchisor with no compensation or remuneration due to Franchisee, provided such Intellectual Property relates to the System, patents, copyrighted materials, the domain name, website, or any other documents or information pertaining to or relating to the System or to Franchisee's Franchised Business during the initial Term and any Renewal Term of the Agreement to Franchisor.

## **Section 6.**

### **Advertising and Promotion by Franchisee.**

6.1. **Advertising Compliance.** Franchisee shall conduct all local advertising and promotion in accordance with such provisions with respect to format, content and media as set forth in the Operations Manual, which may be updated from time to time, and as Franchisor communicates in writing to Franchisee from time to time. Franchisor may change its standards and requirements for advertising in its

sole discretion, and Franchisee must comply with such changes when made by Franchisor. No advertising material may be used by Franchisee without Franchisor's prior written approval.

6.2. **Telephone Number.** Franchisee shall, at its sole expense, subscribe for and maintain throughout the Term and any Renewal Term of the Agreement, one (1) or more telephone numbers, which shall be listed online and in all advertising placed by Franchisee provided such advertisements have been approved by Franchisor. Franchisee shall assign ownership of the telephone number for the Franchised Business to Franchisor upon the expiration or termination of this Agreement.

6.3. **Promotional Campaigns.** Franchisor may, from time to time, establish certain promotional campaigns. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as determined by Franchisor. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase promotional material at Franchisee's expense, unless such expenses are already included as part of the Branding Fund, as set forth below in 6.4.

6.4. **Grand Opening.** Franchisee must spend at least three thousand dollars (\$3,000.00), at Franchisor's direction, to promote the grand opening of the Franchised Business within the thirty (30) days before the opening and thirty (30) days after the opening of the Franchised Business.

6.5. **Monthly Local Advertising.** Each month, Franchisee must spend an amount equal to two percent (2%) of Franchisee's Gross Sales from the prior month or five hundred dollars (\$500) per month, whichever is greater, on local advertising and promotion of the Franchised Business. Such expenditures will be made directly by Franchisee, subject to Franchisor's prior approval and direction, using advertising and marketing materials prepared or pre-approved by Franchisor. Franchisee's local advertising and promotion must follow the guidelines in the Manual. Upon request, Franchisee will submit to Franchisor an advertising expenditure report accurately reflecting all local advertising expenditures for the applicable period. If any report or inspection reveals that Franchisee failed to make the local advertising expenditures required by this Section, Franchisor may require that Franchisee contribute the amount of any deficiency to the Brand Fund. Franchisor may require Franchisee to pay the local advertising amount to Franchisor for advertising and promotion within Franchisee's Territory.

6.6. **Brand Fund.** Franchisor reserves the right to establish the Brand Fund for the promotion and advancement of the Fly Dance Fitness System. Once Franchisor establishes the Brand Fund, Franchisee must contribute up to three percent (3%) of its monthly Gross Sales to the Brand Fund. The Brand Fund will not be audited, but Franchisor will provide Franchisee with unaudited reporting pertaining to the use of the Brand Fund once a year upon written request by Franchisee. Franchisee's contribution to the Brand Fund is in addition to the required grand opening advertising and monthly local advertising described above. Franchisor may allow different Fly Dance Fitness franchisees to contribute different amounts to the Brand Fund in Franchisor's sole discretion. Franchisor's affiliates and corporate Fly Dance Fitness businesses are not required to contribute to the Brand Fund. Franchisor will direct all advertising, marketing, and promotional programs funded by the Brand Fund and will have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them. The Brand Fund, all contributions to it, and any of its earnings, are used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, technology, and any other activities which Franchisor believes, in its sole discretion, will enhance the image of the Fly Dance Fitness

franchise system, including the costs of preparing and conducting social media, radio, television, print, and Internet-based advertising campaigns, utilizing social and business networking media locations and other strategic media or promotional developments, developing, maintaining, and updating the System Website, creating and distributing brochures and promotional materials, conducting market research and market surveys, pursuing sponsorships, creating and implementing a mystery shopper program for the System and any of Franchisor's competitors, celebrity endorsements, trade shows (including costs of travel and personnel expenses, trade booths, and specialty entertainment), organizational dues, search engine optimization, trade show or industry awards, engaging advertising and/or public relations agencies, purchasing promotional items, developing new lines of choreography or branded classes, providing promotional and other marketing materials and services to the businesses operating under the System, developing posters, banners, and signs, and advertising for the sale of franchises. Media coverage for advertising expenditures will be local, regional, and national. Franchisor may utilize the Brand Fund for in-house marketing and advertising or engage one or more third-party advertising agencies. Franchisor shall not use the Brand Fund to primarily solicit new franchisees, but Franchisor may indicate that franchises are available on advertising materials created with the Brand Fund. A reasonable amount of the Brand Fund fees may be used to cover Franchisor or Franchisor's affiliate's costs and overhead as may be incurred in activities reasonably related to the direction and implementation of the Brand Fund and advertising programs for franchisees and the System, including costs and salaries of personnel for creating and implementing advertising, promotional and marketing programs, accounting expenses, and other out-of-pocket expenses to third parties incurred by the Brand Fund. Franchisor is not obligated, in administering the Brand Fund, to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions to the Brand Fund or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures or activities of the Brand Fund. Any Brand Fund contributions that are not expended by the end of the fiscal year will roll over to the next fiscal year. Franchisor shall have the right, in its sole discretion, to terminate the Brand Fund. In the event Franchisor terminates the Brand Fund, Franchisor shall first pay any accounts payable related to the Brand Fund and then disburse any remaining Brand Fund monies, if at all, to all Fly Dance Fitness franchisees in operation at that time in equal amounts. Franchisor will maintain separate bookkeeping accounts for the Brand Fund, and Franchisor reserves the right to form an affiliated entity to control and administer the Brand Fund.

## **Section 7.**

### **Operation of the Franchised Business**

7.1. **Approved Vendors.** Franchisee must purchase products and services for the operation of the Franchised Business only from vendors and suppliers that Franchisor designates or approves, which vendors may include Franchisor, Franchisor's affiliates, and/or other restricted sources. If Franchisee desires to propose a new vendor or new products or services, Franchisee must submit to Franchisor sufficient written information about the proposed new vendor to enable Franchisor to evaluate either the proposed vendor or the proposed products or services, and Franchisee must pay Franchisor a \$500 evaluation fee for each proposed vendor, product, or service that Franchisee submits for Franchisor's evaluation plus reimburse Franchisor for its travel expenses. Franchisor may decline to evaluate a proposed vendor, product, or service until Franchisee pays Franchisor the evaluation fee. If Franchisor does not respond in writing to such a request within thirty (30) days of receiving the information for evaluation, then the proposed vendor, products or services will be deemed rejected by Franchisor. Franchisor may terminate or withhold approval of any products or services, or any vendor of such items,

that does not meet Franchisor's standards in Franchisor's sole discretion. At Franchisor's request, Franchisee must submit to Franchisor sufficient information about a proposed vendor and samples of the proposed products or services for Franchisor's examination so that Franchisor can determine whether they meet Franchisor's standards. Franchisee acknowledges and agrees that, if Franchisor establishes one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some Fly Dance Fitness Studios with products or services Franchisor designates, then Franchisor may limit the number of approved vendors with whom Franchisee may deal. Franchisor and its owners and affiliates shall be permitted to receive payments from vendors on account of their sales to Franchisee and other licensees and franchisees and to use or disburse all such amounts Franchisor receives without restriction.

**7.2. Commitment of Time.** During the Term of this Agreement, Franchisee shall, except as otherwise expressly agreed to by Franchisor in writing, devote its full time and best efforts exclusively to the operation of the Franchised Business or hire a manager to devote full time and best efforts exclusively to the operation of the Franchised Business. If Franchisee is a limited liability company, corporation, or a partnership, Franchisee shall select and maintain, throughout the Term of this Agreement, an equity owner who is an individual holding at least fifty percent (50%) of all the equity of Franchisee (a "**Key Person**"). At all times, the Franchised Business must be operated by an individual who has been trained and approved by Franchisor. The Franchised Business shall be open and operated during such minimum hours and days as established by Franchisor from time to time.

**7.3. Operations Manual.** Franchisee shall operate the Franchised Business in strict compliance with the standard procedures, policies, rules and regulations established by Franchisor and incorporated in Franchisor's Fly Dance Fitness operations manual as may be amended and revised by Franchisor from time to time (the "**Operations Manual**" or the "**Manual**"). Franchisee acknowledges and understands that Franchisor has the right to modify the Operations Manual at any time and from time to time by the addition, deletion or other modification to the provisions thereof, without the authorization of Franchisee. Modifications to the Operations Manual shall become effective immediately unless a longer period is specified in such written notice. The Operations Manual, as modified from time to time as stated above, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules, to the Operations Manual shall be deemed to mean the Operations Manual, including any amendments thereto. Upon the execution of this Agreement, Franchisor make the Operations Manual available to Franchisee. Franchisee must keep the Manual and access to the Manual secure and restrict access to the Manual to Franchisee and its Key Persons. Franchisor is the sole owner of the copyright in and all other rights to the Manual, and Franchisee shall not reproduce or use the Manual for any purpose other than in connection with Franchisee's performance under this Agreement.

**7.4. Operation Of The Studio And System Standards.** Franchisee shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations (including, without limitation, bonding and licensing requirements). Franchisee shall comply with all System Standards, as modified from time to time by Franchisor in its sole discretion, in the operation of the Franchised Business. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards that are authorized by this Agreement. Without limiting the foregoing, Franchisee shall not offer, sell, or provide at or from the Franchised Business products, services, or workouts not authorized in the Manuals.

**7.5. Capital Modifications.** Franchisor may periodically require Franchisee to invest additional capital in the Franchised Business (“Capital Modifications”) and/or incur higher operating costs; provided, however, that such modifications will not: (i) occur within twelve (12) months of the Effective Date of this Agreement; or (ii) alter Franchisee’s fundamental rights under this Agreement. Franchisee shall have thirty (30) days to comply with Capital Modifications required by Franchisor unless a longer period is given by Franchisor. Franchisor will not require Franchisee to spend more than \$10,000 per year in connection with Capital Modifications. Capital Modifications are in addition to costs Franchisee may incur to repair, replace, or refurbish obsolete or worn-out equipment, including fitness equipment, and fixtures. Capital Modifications do not include any expenditures Franchisee must make, or that Franchisee chooses to make, in order to comply with applicable laws, governmental rules or orders (e.g., ADA compliance).

**7.6. Studio Management, Core Business Operations And Ancillary Business Operations.** The Franchised Business must be managed during all open hours by a Key Person or a Manager. A “**Manager**” is an individual employed by Franchisee who devotes his or her full working time and best efforts to the day-to-day, on-premises operation of the Franchised Business, has satisfactorily completed Franchisor’s Initial Training program and is not engaged in any other business endeavor except passive investments that do not interfere with the performance of his or her duties as a Manager. Franchisee must ensure that Franchisee’s Manager and employees agree to comply with the substantive provisions in the Sample Non-Competition and Non-Disclosure Agreement for Employees attached hereto as Attachment 4. Franchisee shall modify the Sample Non-Competition and Non-Disclosure Agreement for Employees to comply with the state law where the Franchised Business is located, and Franchisee shall ensure that each of its employees execute such agreement, as modified to comply with state law, prior to or upon the commencement of their employment with Franchisee. The term “**Ancillary Business Operations**” means business activities that Franchisor periodically specifies as being ancillary and optional to the main business of the Studio and which independent contractors (rather than a Studio employee) may traditionally perform. Ancillary Business Operations include activities like massage services, chiropractic services and physical therapy services. Franchisor may specify in the Manual and periodically modify those business activities that will be Ancillary Business Operations. “**Core Business Operations**” means all business activities of or associated with the Studio that are not Ancillary Business Operations. Core Business Operations include activities like the Studio’s front desk and membership operations, all cardio, weight training, and dance fitness class functions, personal training services, childcare services, group exercise, private parties, sales of food, water and snacks, retail sales, and promotional item sales. While Franchisor does not currently offer childcare services, these are services that Franchisor anticipates adding to the Core Business Operations in the future. For private parties, Franchisee must have a Manager or Key Person on location for the duration of the event, ensure that the event complies with all local ordinances, and ensure the event comports with all requirements set forth in the Manual. The Franchised Business must offer or perform (as applicable) all Core Business Operations, as Franchisor determines and may modify from time to time.

Franchisee is solely and exclusively responsible for ensuring that Franchisee’s employees and contractors perform all Core Business Operations in accordance with Franchisor’s Standards and as set forth in the Manual. Franchisee must, at Franchisor’s request, provide Franchisor with all information concerning Franchisee’s Studio’s Core Business Operations, Ancillary Business Operations, and relationships with contractors.

At Franchisee's option, but subject to Franchisor's prior written approval and Franchisee's compliance with all terms and conditions of the Franchise Agreement, Franchisee may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that Franchisee enters into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations Franchisee (through Franchisee's employees), either under the Marks or under any trademark, service mark or trade name other than the Marks ("Other Mark") that Franchisee owns or licenses from a third party (an "Ancillary Trademark Licensor"). As a condition to obtaining Franchisor's approval:

(a) Franchisee must first submit to Franchisor all written contracts and agreements documenting the relationship between Franchisee and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify Franchisor of any changes in the terms of Franchisee's relationship with any Contractor or Ancillary Trademark Licensor;

(b) Franchisee and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents Franchisor periodically specifies to protect Franchisor's rights in the System, Confidential Information and the Marks;

(c) If a Contractor performs the Ancillary Business Operations, Franchisee and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

(d) If a Contractor performs the Ancillary Business Operations or Franchisee performs the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from the Franchised Business's other operations, and must be clearly identified in the manner Franchisor periodically specifies as an independently owned and operated business separate from the Studio.

**7.7. Audio And Visual Entertainment.** Franchisee acknowledges and agrees that the provision of audio and visual entertainment to members of Franchisee's Studio is an integral part of the System. Accordingly, Franchisee agrees to obtain the licenses through ASCAP & BMI that Franchisor requires, which are necessary to play music in the Studio. Failure to obtain these licenses will be a material breach of this Franchise Agreement and may also subject Franchisee to copyright infringement lawsuits. Franchisor shall not be required to indemnify Franchisee from any claims related to Franchisee's unlicensed use of audio and visual entertainment at the Franchised Business. However, Franchisee shall indemnify and hold harmless Franchisor and its agents, affiliates, and representatives from any and all claims arising from Franchisee's unlicensed use of audio and visual entertainment. Franchisee shall have a subscription to Fit Radio, YouTube Music, Spotify, or Apple Music and pay the required subscription costs. Franchisee must play only the music and music selections that Franchisor approves. Franchisee shall install the equipment necessary to receive and play approved music.

**7.8. Computer System; Software License.** Franchisee must obtain a QuickBooks Online account and the Apple Mac Computer hardware as set forth in the Manual. Franchisee must also sign up for the MindBody software to be accessed and utilized to process payment, sign up clients, and maintain records as set forth in the Manuals, including, without limitation, sales, membership and expense information. Franchisee shall pay the then-current monthly software license fees for both the QuickBooks Online account and the MindBody software. Franchisor may, in its discretion, collect these fees from Franchisee and pay them to third parties. Franchisee shall grant Franchisor the highest level of access to Franchisee's QuickBooks Online and MindBody accounts and shall ensure that Franchisor has access at all times to

such accounts and any similar accounts utilized by Franchisee in the operation of the Franchised Business. Franchisee must report its Gross Sales to Franchisor monthly and upon written request made. Franchisee must provide, at Franchisee's expense, Franchisee's own Internet service provider. Franchisee must use in developing and operating the Studio the computer equipment and operating and accounting software (the "**Computer System**") that Franchisor periodically specifies. Franchisor may require Franchisee to obtain specified computer hardware and/or software and may modify specifications for and components of the Computer System from time to time. Franchisor's modifications and specifications for components of the Computer System may require Franchisee to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the Term. The Computer System must be capable of connecting with Franchisor's computer system so that Franchisor can review daily the results of Franchisee's Studio's operations. Franchisee agrees that it shall purchase or lease, and install, use, maintain and upgrade such computer system, software, hardware and other such equipment (collectively referred to as "IT systems"), for the purpose of performing functions related to the operation of the Franchised Business. All IT systems shall conform to and/or be compatible with Franchisor's System as modified from time to time and shall meet and be maintained in compliance with Franchisor's specifications as set forth in the Operations Manual. Franchisor reserves the right to impose a charge or fee for proprietary software licensed or otherwise made available to Franchisee for use in the operation of the Franchised Business. In addition to Franchisee's obligations herein, Franchisee shall also pay Franchisor the monthly Technology Fee described above.

7.9. **Insurance.** Franchisee shall obtain, at a minimum, a commercial general liability policy with coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, a property and casualty policy that provides coverage for the contents and property of the Franchised Business and Approved Location of at least \$200,000, and the state-required workers compensation coverage insurance. Franchisee shall purchase such insurance promptly after execution of this Agreement and prior to commencing operations and shall keep same in full force and effect during the entire Term and any extensions of this Agreement, amending said insurance from time to time as necessary in order to remain in compliance with these standards and specifications or as set forth in the Operations Manual. If Franchisee fails or refuses to purchase insurance conforming to the standards and limits prescribed by Franchisor, Franchisor may obtain, through agents and insurance companies of its own choosing, such insurance as is necessary to meet such standards, and Franchisee shall reimburse Franchisor for Franchisor's costs plus pay Franchisor an administrative fee equal to three percent (3%) of the premium(s) paid by Franchisor. Nothing contained herein shall be construed or deemed to impose on Franchisor any duty or obligation to obtain or maintain any specific forms, kinds or amounts of insurance for or on behalf of Franchisee, or as an undertaking or representation by Franchisor that such insurance as may be obtained by Franchisee or by Franchisor for Franchisee, will insure Franchisee against any or all insurable risks of loss which may or can arise out of, or in connection with, the operation of the Franchised Business. Franchisee may obtain, on Franchisee's own behalf, and at Franchisee's own cost and expense, such insurance as Franchisee may from time-to-time desire, in addition to that obtained in Franchisee's behalf by Franchisor, or as may be required herein. All insurance as may be obtained by Franchisor for Franchisee may be amended, canceled, terminated or modified at any time upon ten (10) days written notice to Franchisee. All insurance purchased by Franchisee shall name Franchisor as an additional insured and shall contain a blanket waiver of the insured's right of subrogation in respect of or against Franchisor and its affiliate(s) and shall provide that Franchisor be given at least ten (10) days prior written notice of any termination, amendment, cancellation, or modification of such policy. Franchisee shall promptly provide Franchisor with certificates of insurance

evidencing such coverage no later than ten (10) days after the purchase of the insurance required by this Agreement, and throughout the Term, including any extension requiring continued coverage as necessary.

7.10. **Books and Records.** Franchisee shall keep and maintain during the Term of this Agreement full, complete and true records of all revenues and expenditures in the form and manner as specified or directed by Franchisor in its Operations Manual or otherwise, including utilizing the chart of accounts prescribed by Franchisor. All financial records must be kept by Franchisee for a minimum of ten (10) years or such longer period as may be prescribed by law. Franchisee shall also maintain all insurance applications and other records as required by the state insurance agency for such period of time as such agency specifies.

7.11. **Right of Inspection.** Franchisor shall have the right from time to time, and without prior notice to Franchisee, to inspect Franchisee's operations, business methods, service, management, financial records and administration, and to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual. Franchisee shall cooperate fully with Franchisor and its representatives and agents with respect to such inspections. Franchisee shall permit Franchisor and its representatives or agents to copy, examine or audit, physically or by electronic or other methods, the computers, books of accounts, bank statements, check stubs, customer invoices, documents, records, papers, and tax return records ("**Financial Records**") of Franchisee at any time and as often as requested by Franchisor. Upon fifteen (15) days' prior oral or written notice to Franchisee, Franchisee shall deliver photocopies or digital versions of all Financial Records to Franchisor or its representatives at such location or by email or data transfer as Franchisor may designate. Franchisor shall bear the cost of all such inspections, provided that if any such inspection discloses that Franchisee has failed to comply with any provision of this Agreement or the Operations Manual in a manner that would permit Franchisor to terminate this Agreement if uncured. The direct costs of such inspections shall be paid by Franchisee. If Franchisor elects to audit Franchisee's records for any reporting period by engaging a third-party auditing firm, and such auditing reveals that Franchisee's records have been understated or overstated by more than two percent (2%) in any regard, Franchisee shall be responsible for and shall immediately pay to Franchisor the cost of performing the audit (in addition to all amounts which may be due but are unpaid); otherwise, the cost of such audit shall be paid by Franchisor.

7.12. **Compliance with Laws.** Franchisee shall operate the Franchised Business in strict compliance with all applicable laws, rules and regulations of all governmental authorities, shall comply with all applicable governmental laws and regulations (including any and all licensing requirements), all applicable labor and employment laws and regulations and shall prepare, file and retain all necessary tax returns, and pay promptly all taxes imposed upon Franchisee or upon Franchisee's Franchised Business or property. Franchisee and its owners further agree to comply, and to assist Franchisor, to the fullest extent possible, in Franchisor's efforts to comply with Anti-Terrorism Laws (defined below). By entering into this Agreement with Franchisor, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224, issued by the President of the United States, the USA PATRIOT Act, the U.S. Bank Secrecy Act, 31, U.S.C. Sec. 5318 et seq., the Regulations promulgated by the U.S. Treasury, Office of Foreign Asset Control, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any

blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

**7.13. Customer Relations.** Franchisee shall respond promptly to customer complaints and shall take such other steps as may be required for customers to have a positive experience with Franchisee. Franchisee acknowledges that exemplary customer relations are of paramount importance to the System and therefore, Franchisee agrees to use Franchisee's best efforts to consistently exceed customer expectations by providing a superior level of quality, service, value, and dedication to all customers. Franchisee further acknowledges and agrees that Franchisee's mission is to attract and retain customers in order to become the first choice for prospective customers that are integral to the System by consistently exceeding their expectations. Franchisor reserves the right to respond to all customer complaints made by customers of the Franchised Business in any manner that Franchisor deems reasonable in its sole discretion, and Franchisee shall reimburse Franchisor for its reasonable costs in addressing any customer complaints.

**7.14. Customer Lists.** Franchisee shall also create and maintain for Franchisor, in such manner as Franchisor may from time to time require, a current customer list (the "**Customer List**") containing, as to each and every customer, such customer's name, email address, postal address, telephone number and shall supply a copy of such list to Franchisor upon Franchisor's written request. Notwithstanding that the Customer List may have been created and maintained by the Franchisee, Franchisee acknowledges and agrees that the Customer List is, and remains, Franchisor's exclusive proprietary property and Franchisor's trade secret. In confirmation of the foregoing, Franchisee hereby assigns to Franchisor all rights it now has or hereafter may acquire in the Customer List and shall take care to protect this Customer List from being accessed by anyone other than Franchisor and Franchisee's Key Person(s), so as to protect Franchisor's legitimate business interests in the proprietary information contained in the Customer List. After the expiration or termination of this Agreement for any reason, Franchisee shall not (1) use the Customer List; (2) disclose the Customer List, or any of the information contained therein, to anyone other than Franchisor; and (3) upon returning the Customer List to Franchisor, immediately destroy any copies of the Customer List or any of the information contained in the Customer List in Franchisee's possession, custody or control.

**7.15. Security System.** Franchisee agrees that it shall purchase or lease, and install, use, maintain and upgrade as needed and required by Franchisor such security system for the Franchised Business from a supplier approved by Franchisor. The security system shall conform to and/or be compatible with Franchisor's System as modified from time to time and shall meet and be maintained in compliance with Franchisor's specifications as set forth in the Operations Manual.

## **Section 8.**

### Franchisor's Obligations

#### **8.1. Training and Supervision.**

a. Unless Franchisee is an existing franchisee of Franchisor at the time this Agreement is executed, Franchisee shall have at least one (1) Key Person trained in the System and methods of operation, and Franchisee's Key Person (and, optionally, Franchisee's Manager) must attend Franchisor's Initial Training program and become Throw Down<sup>®</sup> certified. Franchisor's Initial Training program shall consist of four (4) day combined program of on-the-job training at Franchisor's training facility. Franchisor will furnish without additional charge, at Franchisor's headquarters in Sarasota, Florida and/or

a designated training Studio, the Initial Training program for up to four (4) people from Franchisee's Studio, one of which must be a Key Person. All expenses of the trainee(s) shall be the obligation of Franchisee. The Initial Training program must be completed to the satisfaction of Franchisor at least one (1) month prior to the opening of the Franchised Business. If you elect to send additional trainees to obtain Throw Down<sup>®</sup> certification, you must pay us our then current Throw Down<sup>®</sup> training fee. All of Franchisee's owners plus all of Franchisee's Sculpt Weights instructors and Sculpt Circuit instructors must have ACE Group Fitness Certification.

b. Franchisor may, from time to time, in its sole discretion, make available to Franchisee additional training courses, conferences, or programs during the Term of this Agreement. Franchisor shall have the right to make attendance by Franchisee or Franchisee's designee mandatory with respect to certain of such courses or conferences and shall have the right to make attendance at other such training courses or conferences optional. Franchisor may, in its sole discretion, charge Franchisee for mandatory and optional training courses. The current fees for additional training are five hundred dollars (\$500) per day per person being trained. With respect to either mandatory or optional training courses or conferences, Franchisee shall pay, at its own expense, all transportation costs, food, lodging and similar costs incurred in connection with attending such courses or conferences. The time and place of both mandatory and optional training courses shall be determined by Franchisor in its sole discretion. If Franchisee requests additional training or if Franchisor determines, in its sole discretion, that Franchisee needs to attend additional training, Franchisee must pay Franchisor its then-current fees in advance of such training occurring, and Franchisee shall be responsible for any out-of-pocket costs that Franchisor incurs in providing additional training to Franchisee and, if applicable, Franchisee's employees. If Franchisor requires Franchisee to attend a conference, Franchisee will pay Franchisor's then-current conference fee will not be more than two hundred fifty dollars (\$250.00) per person, per conference.

c. **Employee Training.** Franchisee must implement a training program for all of Franchisee's employees using the Manual as a guide and ensure the Franchised Business is staffed at all times with a sufficient number of Front Desk personnel, including at least one (1) Key Person who has satisfactorily completed Franchisor's Initial Training program.

**8.2. Additional Pre-Opening Services.** Prior to the commencement of operations by Franchisee, Franchisor shall provide Franchisee with the following:

- a. suggestions for recruiting and selecting personnel;
- b. the design and layout required once Franchisee obtains an Approved Location, the layout of furniture and facilities, and the recommended or required color coordination scheme;
- c. assistance with pre-opening publicity by advising as to local advertising strategy;
- d. remote location selection assistance;
- e. one (1) electronic copy of the Operations Manual; and
- f. at least one representative of Franchisor to provide assistance for, and to be in attendance for, the grand opening of the Franchised Business as Franchisor deems appropriate in Franchisor's sole discretion.

**8.3. Continuing Services.** During the Term of this Agreement, Franchisor shall continue to provide Franchisee with the following services:

- a. visits by Franchisor's field representatives to Franchisee's Approved Location at least one (1) time per year for the purpose of rendering advice and consultation or training, with respect to the Franchised Business, its operation and performance, or to determine compliance by Franchisee with the Operations Manual;

- b. Advice and consultation on local advertising; and
- c. Assistance regarding the operation of the Franchised Business via telephone, email, and virtual meetings.

The nature of these services will depend entirely on the individual needs and circumstances of Franchisee, as determined by Franchisor.

**Section 9.**  
Omitted

**Section 10.**  
Transfer

**10.1 Transfer By Franchisor.** This Agreement and all of Franchisor's rights and obligations thereunder may be transferred or assigned by Franchisor without limitation and will inure to the benefit of any transferee or other legal successor to Franchisor's interests. Franchisor also may change Franchisor's ownership or entity structure without restriction or notice to Franchisee. Franchisee acknowledges and agrees that Franchisor may sell all or any part of Franchisor's ownership interests, Franchisor's assets, the Marks and/or the System to a third party; may go public, may engage in a private placement of some or all of Franchisor's securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further acknowledge and agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business, and to operate, franchise or license those businesses and/or facilities as Fly Dance Fitness studios operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledge may be proximate to Franchisee's Studio. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Fly Dance Fitness Marks under this Agreement.

**10.2. Transfer by Franchisee – Defined.** Franchisee's rights and duties under this Agreement are personal to Franchisee. This franchise has been granted to Franchisee in reliance upon Franchisor's perceptions of Franchisee's (or Franchisee's Owners') individual and collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, Franchisee shall not transfer this Agreement, any rights or obligations of Franchisee under this Agreement, any ownership interest or other interest in Franchisee, or the Franchised Business (or substantially all of its assets or equipment) without Franchisor's prior written approval in accordance with the terms below. Any unauthorized transfer will be a material breach of this Agreement and shall be null and void.

**10.3. Conditions for Approval of Transfer.** Franchisor's approval of any transfer shall be conditioned on the following unless waived in writing by Franchisor:

- a. The proposed transferee (and each of its owners) must, in Franchisor's sole judgment, meet Franchisor's then-current standards for new franchisees;
- b. The proposed transferee (and each of its owners) must not own an interest in a Competitive Business;

- c. The proposed transferee (or its managing owner) and its manager and lead trainer must complete Franchisor's initial training program to Franchisor's satisfaction;
- d. The proposed transferee must enter into Franchisor's then-current form of franchise agreement, which may differ materially from this Agreement;
- e. At Franchisor's request, the proposed transferee must agree to refurbish the Studio to meet Franchisor's then-current designs and trade dress;
- f. All monetary obligations (whether hereunder or otherwise) of Franchisee to Franchisor or Franchisor's Affiliates must be paid in full;
- g. Franchisee must not be in default under this Agreement or any other agreement between Franchisee and Franchisor or Franchisor's Affiliates;
- h. Franchisor must have received a transfer fee equal to \$5,000, and Franchisee or the proposed transferee must have paid any and all third-party broker fees related to the transfer whether such broker fees are to be incurred by Franchisor, Franchisee, or the proposed transferee;
- i. Franchisee (and Franchisee's transferring Owners) must execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's Affiliates and Franchisor's and Franchisor's Affiliates' respective owners, officers, directors, employees, attorneys, and agents;
- j. Franchisee must have first offered to sell such interest to Franchisor pursuant to the terms below and Franchisor must have declined to exercise Franchisor's right of first refusal in the manner set forth below; and
- k. Franchisee and Franchisee's transferring Owners must agree in writing to adhere to the non-competition and confidentiality provisions that survive the termination of this Agreement beginning upon the effective date of such transfer.

**10.4. Transfer To An Entity.** If Franchisee is an individual or group of individuals and is in compliance with this Agreement, then upon no less than 10 days' prior written notice to Franchisor, and upon Franchisee's compliance with Franchisor's then-current transfer policies and procedures, Franchisee may Transfer this Agreement to a legal entity formed solely to operate the Franchised Business in which Franchisee maintains management control and of which Franchisee owns 100% of the financial and voting interests, provided that all assets of the Franchised Business are owned, and the entire business of the Studio is conducted, by such entity. If Franchisee is a group of individuals, any such individual who will not own an ownership interest in such entity must sign the form of agreement that Franchisor reasonably requires in which each such individual releases any rights under this Agreement and releases any and all claims against Franchisor and Franchisor's Affiliates and Franchisor's and their respective owners, officers, directors, employees and agents. All owners of the new entity (including Franchisee) must execute and deliver to Franchisor Franchisor's standard form of Guaranty. Franchisee will remain liable for performance of this Agreement by any entity to which Franchisee transfers this Agreement. Franchisee also agrees to enter into an amendment to this Agreement or other document to reflect the new entity as franchisee and ownership structure.

**10.5. Transfer Upon Death or Disability.** Upon the death or mental or physical incompetency (as reasonably determined by an independent third party such as a licensed doctor) of any Key Person with any direct or indirect interest in Franchisee and who has managerial responsibility for the operation of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Franchisor within nine (9) months after the death or finding of incompetency. Such transfers shall be subject to the same conditions as set forth above. If the heirs or

beneficiaries of any such person are unable to meet those conditions, Franchisor may terminate this Agreement. Notwithstanding any time periods set forth herein, nothing shall relieve Franchisee of responsibility for operating the Franchised Business as this Agreement requires, and for otherwise complying with its terms, and nothing shall prevent or limit Franchisor's rights or remedies in the event of a breach of Franchisee's obligations under or arising out of the terms of this Agreement.

**10.5.1. Operation Upon Death Or Disability.** If Franchisee or one of Franchisee's owners was the manager of the Studio at the time of Franchisee's or such owner's death or disability, then, within thirty (30) days after such death or disability, Franchisee's or Franchisee's owner's executor or other personal representative must appoint a qualified manager to operate the Studio. Such manager will be required to complete Franchisor's management training program to Franchisor's satisfaction. In addition, if, at any time following the death or disability of Franchisee or one of Franchisee's owners, Franchisor determines that the Studio is not being managed properly according to Franchisor's System Standards, Franchisor or Franchisor's designee have the right (but not the obligation) to enter the Approved Location and assume the Studio's management for any period of time that Franchisor deems appropriate. All funds from the Studio's operation during the period of Franchisor's (or Franchisor's designee's) management will be kept in a separate account and all Studio expenses will be charged to such account. In addition to all other fees and payments owed hereunder, Franchisor may charge Franchisee a reasonable management fee that Franchisor specifies, not to exceed five percent (5%) of the Studio's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Studio's management. Franchisor or Franchisor's designee will have a duty only to use reasonable efforts upon assuming the Studio's management and will not be liable to Franchisee for any debts, losses or obligations that the Studio incurs, or to any creditors for any supplies or other products or services purchased for the Studio, in connection with such management.

**10.6. Franchisor's Right of First Refusal.** If, during the Term of this Agreement, Franchisee receives one or more bona fide offers from a prospective purchaser for any interest in Franchisee or the Studio (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), Franchisor shall have a continuing right of first refusal to purchase the same interest subject to the following: (1) Franchisee must submit the terms of the proposed transfer to Franchisor in writing (the "**ROFR Notice**"); and (2) Franchisor shall have thirty (30) days from receiving the ROFR Notice in which to exercise its right of first refusal by notifying Franchisee in writing of the same. Within five (5) days of sending Franchisor the ROFR Notice, Franchisee must submit to Franchisor all of the following documents: (i) Franchisee's Studio's financial statements (including monthly revenue information) for the preceding three (3) years; (ii) monthly membership information for the preceding three (3) years (that is, the beginning membership base in terms of numbers of members and membership fees, membership additions and cancellations, and the ending membership base for each month in terms of numbers of members and membership fees); (iii) a description of the membership packages currently offered; (iv) a copy of the Studio's current lease (if Franchisor does not already have it); (v) information about the number and compensation of employees working at the Studio; (vi) a description of the competing health clubs operating within close proximity to the Studio; and (vii) a copy of Franchisee's purchase agreement or letter of intent between Franchisee (or Franchisee's Owner) and Franchisee's proposed buyer. If Franchisor elects to exercise its right of first refusal, then (a) Franchisor may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately held entity); and (b) Franchisor will have ninety (90) days after Franchisor notifies Franchisee of its exercise of its right of first refusal in which to complete the transaction. If Franchisor does not exercise its right of first refusal, Franchisee or Franchisee's owners may complete the proposed transfer to the proposed buyer, but only on the original offer's terms, and

subject to Franchisor's approval of the transfer as provided in this Agreement. If there is any change to the terms of the proposed transfer, Franchisor's right of first refusal shall restart, requiring Franchisee to deliver a ROFR Notice to Franchisor. If Franchisee or Franchisee's owners do not complete the transfer to the proposed buyer on the original offer's terms within ninety (90) days after Franchisee delivered the applicable ROFR Notice, then any proposed transfer thereafter once again must comply with all of the provisions of this Section 10.6 as though there had not previously been a proposed transfer.

## **Section 11.** Confidentiality and Non-Competition

**11.1. Proprietary Rights and Confidentiality.** Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Franchisee any confidential or proprietary information, except for the material contained in the Operation's Manual and training materials. Franchisee acknowledges that knowledge of Franchisor's know how, techniques, information, and other proprietary data is derived entirely from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential, and trade secrets of Franchisor (the "**Confidential Information**"). Franchisee agrees to adhere fully and strictly to all confidentiality attached to such information and to exercise the highest degree of diligence in safeguarding trade secrets during and after the term of this Agreement. Franchisee shall divulge such material only to Franchisee employees and only to such extent necessary so as to permit the effective operation of the Franchised Business and to keep such Confidential Information in confidence and from being accessed by any employees or outside parties that do not require access to the Confidential Information in order for Franchisee to operate its business. Franchisee further agrees that Franchisee: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in any form including, but not limited to electronic media, written form, or other tangible forms and; (d) will adopt and implement all reasonable procedures necessary to prevent the unauthorized use and/or disclosure of the Confidential Information, including imposing restrictions and implementing safeguards on the disclosure of the Confidential Information to the Franchisee's employees and any other persons such that the Confidential Information is not readily accessible to all Franchisee employees or other persons. Franchisee's obligations related to the Confidential Information shall expressly survive the termination, expiration, or non-renewal of this Agreement.

11.1.1. Court-Ordered Disclosure. Disclosure of the Confidential Information may only be made in judicial or administrative proceedings, and in such case, only to the extent Franchisee is legally compelled to disclose same, and provided that Franchisee first gives Franchisor the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained. Upon receiving notice that Franchisee is ordered by judicial order or decree to produce such Confidential Information, Franchisee shall immediately or within two (2) calendar days of receiving notice of judicial order or decree to disclose the Confidential Information, notify Franchisor in writing of such judicial order or decree and provide a copy of the same to Franchisor.

11.1.2. Development of Improvements. Franchisee further agrees that if, in the course of the operation of the Franchised Business, Franchisee and Franchisee's employees and/or associates develop ideas, concepts, methods, techniques and/or improvements ("improvements") related to the System, patents, copyrighted materials, the domain name, website, or any other documents or information

pertaining to or relating to the System or to the Franchised Business, Franchisee agrees to disclose same to Franchisor. The Franchisor will be deemed to own the improvements and may use them and authorize other franchisees to use them in the operation of their businesses. Improvements will also constitute Confidential Information.

**11.2. In-Term Non-Competition.** Franchisee agrees that during the Term of this Agreement, including any renewals thereof, Franchisee and Franchisee's owners shall not, either directly or indirectly, as a proprietor, partner, investor, lender, shareholder, member, director, manager, officer, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, engage in any Competitive Business.

**11.3. Post-Term Non-Competition.** Franchisee agrees that for two (2) years immediately following the expiration, non-renewal or termination of this Agreement for any reason (the "**Restrictive Period**"), Franchisee and Franchisee's owners shall not, either directly or indirectly, as a proprietor, partner, investor, lender, shareholder, member, director, manager, officer, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, engage in any Competitive Business within ten (10) miles of the Approved Location or within ten (10) miles of any Fly Dance Fitness business whether franchised or operated by Franchisor and its affiliate(s).

**11.4. Non-Competition Definitions.** For purposes of this Agreement, "Competitive Business" means any business operating or granting franchises or licenses to others to operate fitness studio or health club business, or any other business that provides the same or similar services customarily offered under the System; and "directly or indirectly" means that it includes, but is not limited to, Franchisee's members and the spouses of such members, if any.

**11.5. Independent Covenants & Blue Pencil.** The Parties agree that each of the forgoing covenants shall be construed as independent of any other covenant or provision of this Agreement. The Parties further agree that the foregoing restrictions limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Franchisor may, unilaterally, at any time, in its sole discretion, revise any of the covenants in this subsection, so as to reduce the obligations of Franchisee hereunder. The running of any period of time specified in this subsection shall be tolled and suspended for any period of time in which Franchisee is found by a court of competent jurisdiction or an arbitrator to have been in violation of any restrictive covenants. Franchisee further expressly agrees that the existence of any claim it may have against Franchisor whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this subsection.

**11.6. Enforcement of Non-Competition Covenants.** Franchisee acknowledges that a violation of the terms of the covenants not to compete in this Agreement would result in immediate or irreparable injury to Franchisor for which no adequate remedy at law may be available. Accordingly, Franchisee hereby consents to the entry of an injunction, with no bond required of Franchisor, prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this subsection.

**11.7. Franchisee's Employees' Non-Competition and Confidentiality.** Franchisee's employees and independent contractors (regardless of title) must execute an agreement substantively in the same form as Franchisee's Confidentiality, Nondisclosure and Non-Competition Agreement attached as Attachment 3.

**Section 12.**  
Default and Termination

**12.1 Termination by Franchisor**

12.1.1 Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Franchisor gives notice to Franchisee of such breach.

12.1.2 Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsections 12.1.1 or 12.1.3 and Franchisee fails to cure such breach to Franchisor's satisfaction within 30 days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement upon notice to Franchisee.

12.1.3 Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without any opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Franchisor;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to sign a lease, for a location approved by Franchisor, for the Franchised Business within one hundred and eighty (180) days from the Effective Date of this Agreement or Franchisee fails to open the Franchised Business for business within twelve (12) months from the Effective Date of this Agreement;
- (v) Franchisee loses possession of the Approved Location;
- (vi) Franchisee or any Owner commits a material violation of the confidentiality, non-competition, or transfer provisions of this Agreement or commits any other violation of

this Agreement which by its nature cannot be cured;

- (vii) Franchisee abandons or ceases operation of the Franchised Business for more than five (5) consecutive days;
- (viii) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Franchisor or its agents or contractors;
- (x) the Franchised Business is operated in a manner which, in Franchisor's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Franchisor or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period, regardless of whether such defaults are cured;
- (xii) Franchisor (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xiii) Franchisee or any owner of Franchisee is accused by any governmental authority or third party of any act that in Franchisor's opinion is reasonably likely to materially and unfavorably affect the Fly Dance Fitness brand, or is charged with, pleads guilty to, or is convicted of a felony.

12.2 **Memberships.** Upon termination or expiration, Franchisee shall not communicate directly with the members of the Franchised Business except to the extent determined by Franchisor and only with statements approved in writing or created by Franchisor. At Franchisor's direction, Franchisee shall notify all members of the Franchised Business of the change to the Franchised Business resulting from the termination or expiration of this Agreement. If this Agreement is being terminated or expiring without renewal, Franchisor may contact members of Franchisee's Fly Dance Fitness Studio and offer such members continued rights to use one or more Fly Dance Fitness Studios on such terms and conditions Franchisor deems appropriate, which in no event will include assumption of any then-existing liability arising out of the Franchised Business. In the event that, upon expiration or termination of this Agreement, members of Franchisee's Fly Dance Fitness Studio are legally entitled to full or partial refund of any monies paid to Franchisee, Franchisee will refund such monies promptly and in full and will cooperate with Franchisor to preserve customer goodwill with such members. Franchisor may honor any reasonable requests for refunds by members of the Franchised Business, and Franchisee shall reimburse Franchisor for any and all amounts Franchisor refunds to members of the Franchised Business upon demand by Franchisor.

12.3 **Termination By Franchisee.** Franchisee may terminate this Agreement if Franchisor commits a material breach of any of Franchisor's obligations under this Agreement and fails to correct such breach within 30 days after Franchisee's delivery of written notice to Franchisor of such breach;

provided, however, that if Franchisor cannot reasonably correct the breach within the 30-day period but provides Franchisee with evidence of Franchisor's reasonable effort to correct the breach, then the cure period shall be extended for so long as it may take Franchisor to reasonably cure the default.

### **Section 13.**

#### **Further Obligations and Rights of the Parties Upon Termination or Expiration**

**13.1. Franchisor's Rights.** In the event of expiration or termination of this Agreement, whether by reason of default, lapse of time, or other cause, Franchisee shall: (i) immediately discontinue the use of the Trademarks and any proprietary or trade secret information; (ii) immediately cease operating or doing business under any name or in any manner that might tend to give the general public the impression that Franchisee is operating a business as a franchisee of Franchisor and shall immediately take such action as Franchisor may direct to prevent any possible confusion in the mind of the public as to Franchisee's non-affiliation with Franchisor, including but not limited to, removal of signage, advertising, and furnishings that might tend to cause the public to associate Franchisee with Franchisor or its franchisees or the System; (iii) immediately return the Operations Manual and all other manuals, franchise documents, instruction sheets, and supplements and copies thereof to Franchisor or, at Franchisor's direction, destroy such things and certify the same to Franchisor; (iv) cause the telephone numbers and all related telephone directory listings to be assigned to Franchisor or its designee, upon Franchisor's request to do so, or terminate all such telephone numbers and listings; (v) return to Franchisor or otherwise transfer ownership to Franchisor of all social media accounts, websites, email accounts, marketing accounts, and other accounts related to the operation of the Franchised Business; and (vi) not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, trade dress, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, but not limited to any of the following: (a) all franchise documents, manuals, guidelines, instruction sheets, and supplements; (b) all advertising and marketing materials, social media pages, marks, devices, insignia, slogans and designs used in connection with the Franchised Business; (c) all supply lists; and (d) all Trademarks or trade names used, whether or not such Trademarks or trade names have been registered with the United States Patent and Trademark Office, during or after the term of this Franchise Agreement.

**13.2. Obligations Surviving Termination/Expiration.** The expiration or termination of this Agreement shall not prevent Franchisor from enforcing its rights against Franchisee and Franchisee's owner(s) and such expiration or termination shall not relieve Franchisee and Franchisee's owner(s) of any of their obligations to Franchisor existing at the time of expiration or termination of this Agreement and shall not terminate those obligations under this Agreement which, by their nature, survive the expiration or termination of this Agreement (e.g. confidentiality, trade secrets, non-competition, non-solicitation, non-circumvention, etc.).

**13.3. Telephone Numbers.** Franchisee acknowledges that there will be substantial confusion in the mind of the public if, after the expiration or termination of this Agreement, Franchisee continues to use the telephone number listed under the name "Fly Dance Fitness" or "THROW DOWN", or any other name confusingly similar name to the Fly Dance Fitness trade name. Accordingly, Franchisee agrees that within three (3) days after the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall execute all documents necessary or as requested by Franchisor to transfer the right to use and control the telephone number(s) pertaining to the Franchised Business to Franchisor or its designee and will direct the telephone company servicing the Franchised Business to transfer the telephone number(s) listed for

the Franchised Business in any telephone directory to Franchisor or to such person and at such location as Franchisor shall direct.

**13.4. Books and Records.** In addition to Franchisee's copy of the Operations Manual, Franchisee shall immediately return to Franchisor all materials, including records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, but not limited to, brochures, agreements, lists of names of customers and permanent and temporary employees, and any and all other materials relating to the operation of the Franchised Business in the Franchisee's possession or control, and all copies and any other forms of reproductions thereof (all of which are acknowledged to be the sole and exclusive property of Franchisor), and shall retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and related agreements and of correspondence between the parties, and copies of any other documents which the Franchisee reasonably needs for compliance with any provision of law.

## **Section 14.** Dispute Resolution

**14.1. Disputes Subject to Arbitration.** Except as expressly provided in Section 14.1.1., any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. The arbitrator must have at least ten (10) years of experience practicing franchise law, and the arbitrator must issue a reasoned opinion with any award. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The place of arbitration shall be the city and state where Franchisor's headquarters are located at the time. The provisions of this Section 14 shall expressly survive the termination or expiration of this Agreement.

14.1.1. Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

14.1.2. Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

14.1.3. Performance During Arbitration or Litigation. Unless this Agreement has been lawfully terminated in accordance with its terms, Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**14.2. Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement. Franchisor shall be entitled to lost future profits.

14.3. **Waiver of Class Actions.** The Parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

14.4. **Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two (2) years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity, or (iii) related to unauthorized use of Confidential Information or the Marks.

14.5. **Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Franchisor's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Franchisor's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

14.6. **Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any Guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## **Section 15.**

### General Conditions and Provisions

15.1. **Relationship of Franchisee to Franchisor.** It is expressly agreed that by this Agreement the parties intend to establish the relationship of franchisor and franchisee between the parties. It is further agreed that Franchisee has no authority to create or assume, on Franchisor's behalf, any obligation, whether such obligation is express or implied, or to act or purport to act as agent or representative of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner or co venturer of or with the other. Franchisee agrees that Franchisee will not hold Franchisor out as the agent, employee, partner or co venturer of Franchisee. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party of and from any liability.

15.1.1. Franchisee's Employees/No Joint-Employment. Franchisee acknowledges and agrees that Franchisee's employees are solely the employees of Franchisee; Franchisor has no control, obligation, or responsibility for or to Franchisee's employees or Franchisee's employment policies or decisions. As to Franchisee's employees, Franchisee is solely responsible for: their hiring, firing; promotion or demotion; employment policies, including employee relations; human resources matters; controlling work schedules and conditions of employment (e.g., meal and rest breaks, time-keeping); determining pay rates, method of payment and classification; benefits and maintenance of employment records; monitoring performance; and training and supervision. Franchisee acknowledges that Franchisee is solely responsible for the day-to-day decisions and operations of the Franchise Business consistent with Franchisor's policies. Franchisor reserves no rights relating to the foregoing aspects of Franchisee's employees' employment.

**15.2. Indemnity by Franchisee.** After the expiration or sooner termination of this Agreement, Franchisee hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature, including those in connection with all local, state and federal employment and labor laws and regulations, and all Information Privacy Laws, on account of any actual or alleged loss, injury or damage to any person, firm or limited liability company or to any property arising out of or in connection with Franchisee's operation of the Franchised Business.

**15.3. Franchisor's Right to Cure Franchisee's Defaults.** In addition to Franchisor's other remedies afforded by this Agreement, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach and without providing notice to Franchisee, cure such default on behalf of Franchisee, and the cost paid by Franchisor shall be due and payable by Franchisee on demand and shall be deemed to be additional compensation due to Franchisor which shall be added to the amount of compensation next accruing pursuant to this Agreement.

**15.4. Waiver and Delay.** Franchisor does not waive its right or remedy to enforce against Franchisee for any breach or series of breaches or defaults in performance by Franchisee of any provision of this Agreement, and Franchisor's failure, refusal or neglect to exercise any of Franchisor's rights, powers or options given to it by this Agreement or under any other franchise agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Studio) or to insist upon strict compliance with or performance of Franchisee's obligations under any provisions of this Agreement, any other franchise agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Studio) or the Operations Manual with respect to any subsequent breach or a waiver by Franchisor of its right at any time thereafter and to continue to require Franchisee's exact and strict compliance with the provisions thereof.

**15.5. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of Franchisor's successors and assigns and shall be binding upon and inure to the benefit of Franchisee and Franchisee's owners and their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on assignment contained in this Agreement.

**15.6. Joint and Several Liability.** Franchisee is jointly and severally liable for the conduct of each owner of Franchisee. Franchisee shall be liable to the same extent as though Franchisee had engaged in such conduct itself. Franchisee must ensure that none of Franchisee's owners engages in conduct that Franchisee is prohibited from engaging in under or arising out of this Agreement. This applies, without limitation, to Franchisee's obligations of confidentiality and noncompetition.

**15.7. Governing Law.** Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Statute 1051 and the sections following it) or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard for its conflicts of laws principles.

**15.8. Entire Agreement and Modification.** This Agreement contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or bind any of the parties hereto and all prior agreements, understandings and representations are merged and incorporated into this Agreement. Franchisee represents that there are no contemporaneous agreements or understandings between the parties that are not contained in this Agreement. This Agreement shall not be modified or changed except by written modification signed all of the parties to this Agreement, except that the mandatory standards, specifications and operating procedures contained in the Operations Manual may be modified by Franchisor from time to time. Notwithstanding the foregoing, nothing in the franchise agreement or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

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.

**15.9. Miscellaneous.** Section, article, provision, item and paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph may require. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Time shall be of the essence for all obligations under this Agreement.

**15.10. Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**15.11. Notices.** All notices, requests, demands, consents and other communications required or permitted under this Agreement shall be in writing and shall be hand delivered by messenger or courier service or mailed by registered or certified mail via USPS or by a nationally recognized carrier service such as FedEx or UPS, addressed to the appropriate party at its address as set forth below or to such other address as that party may designate in writing to the other party from time to time. Each notice shall be deemed delivered (a) on the date delivered or (b) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities or courier service (such as FedEx or UPS) as not deliverable, as the case may be, if mailed or couriered.

**Address for Notices to Franchisor:**

Fly Dance Fitness Franchising, LLC  
Attn: Legal Department  
999 Cattlemen Rd., F  
Sarasota, FL 34232

**Address for Notices to Franchisee:**

Franchisee's address for receiving notices under this Agreement shall be set forth under Franchisee's signature on this Agreement.

**Section 16.**

**No Offer and Acceptance**

16.1. **No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties below have duly executed this Agreement on the Effective Date set forth below.

**FRANCHISOR**  
**FLY DANCE FITNESS FRANCHISING, LLC**

**FRANCHISEE**  
\_\_\_\_\_

\_\_\_\_\_  
Print: Kari Schroeter  
Title: Chief Operating Officer

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

**EFFECTIVE DATE:**  
\_\_\_\_\_

**FRANCHISEE**  
\_\_\_\_\_

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

**Address for Notice to Franchisee:**

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, & Zip Code

**Attachment 1 to Franchise Agreement**

**Data Sheet**

**Section 1 – Ownership Information**

1. **Form of Ownership.** Franchisee is a (check one):

\_\_\_\_\_ *Sole Proprietorship*  
\_\_\_\_\_ *Partnership*  
\_\_\_\_\_ *Limited Liability Company*  
\_\_\_\_\_ *Corporation*

State and Date of Formation: \_\_\_\_\_

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation, the following individuals are the owners of all of the interests in Franchisee:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation, the individuals below are the officers of Franchisee:

Name	Title

4. **Key Person.** Franchisee hereby designates the following individual or individuals as a “Key Person” as defined in the Franchise Agreement:

\_\_\_\_\_  
\_\_\_\_\_

**Section 2 – Approved Location, Site Selection Area, and Territory**

1. Franchisee shall develop and operate the Franchised Business at the following Approved Location:

\_\_\_\_\_

2. If Franchisor has not designated or approved of an Approved Location as of the Effective Date, Franchisee shall search for and secure a lease for the Approved Location within the following Site Selection Area:

---

---

3. Franchisee's Territory shall be as follows:

---

---

**FRANCHISOR**  
**FLY DANCE FITNESS FRANCHISING, LLC**

**FRANCHISEE**

\_\_\_\_\_

\_\_\_\_\_  
Print: Kari Schroeter  
Title: Chief Operating Officer

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

**Attachment 2 to Franchise Agreement  
Franchisor's Lease Rider**

This Franchisor's Lease Rider ("Rider"), is made and entered into on \_\_\_\_\_, by and between \_\_\_\_\_ (hereinafter referred to as the "Landlord") and \_\_\_\_\_ (hereinafter referred to as "Tenant") and is incorporated by reference into that certain "Lease", dated \_\_\_\_\_ between Landlord and Tenant and is intended to amend and supplement such Lease.

For and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), the mutual covenants and agreements hereinafter provided and other good and valuable considerations, the receipt and sufficiently of which are hereby acknowledged by Landlord, Landlord and Tenant hereby agree as follows:

1. Tenant and Fly Dance Fitness Franchising, LLC ("Franchisor") are parties to that certain Fly Dance Fitness Franchising, LLC Franchise Agreement ("Franchise Agreement") whereby Franchisor granted Tenant the right to operate a Fly Dance Fitness franchise at the location designated subject to the Lease. Franchisor shall be a third-party beneficiary under this Rider.
2. Tenant hereby conditionally assigns, transfers and sets over to Franchisor all of Tenant's right, title and interest in and to the Lease; provided, however, that, notwithstanding the foregoing, it is understood and agreed that such assignment shall become effective only upon occurrence of both of the following conditions:
  - a. Termination of a certain franchise agreement between Franchisor and Tenant, as Franchisee (the "Franchise Agreement"), for the operation, of a Fly Dance Fitness on the demised premises, as described in the Lease; and
  - b. Exercise by Franchisor of an option to assume the obligations of and replace Tenant as the Tenant under the Lease, which option shall be exercised by Franchisor, if at all, on or before thirty (30) days after termination of the Franchise Agreement. If Franchisor desires to exercise its option, it shall do so by giving notice to Landlord and Tenant on or before the last day of the aforesaid time period.
3. Landlord hereby consents to the aforesaid conditional assignment and agrees that if the aforesaid conditional assignment becomes effective and unconditional by the giving of notice by Franchisor, Franchisor shall thereafter be substituted for Tenant as Tenant under the Lease. With the prior written consent of Landlord, which consent shall not be unreasonable withheld, Franchisor shall have the right to reassign this Lease or sublet the demised premises to a new franchisee, who shall become the Tenant under the Lease. In the event of reassignment, Franchisor shall be relieved of all liability accruing under the Lease from and after the date of the aforesaid reassignment to the new tenant.
4. Landlord agrees to give Franchisor not less than thirty (30) days prior written notice of its intention to reenter and repossess the premises and/or to cancel the Lease on account of Tenant's default in performance of any of the terms, conditions or provisions of the Lease. During the aforesaid thirty (30) day period, Franchisor may cure such default and otherwise exercise its rights under this conditional assignment.
5. Tenant agrees that at such time as Franchisor exercises its option to become the Tenant under the Lease, Tenant will immediately vacate the demised premises, without removing any equipment, parts or supplies, except as authorized under the Franchise Agreement and will permit Franchisor to enter upon and take possession of the demised premises.
6. Landlord is hereby authorized to rely solely upon written notice by Franchisor of its option to become the Tenant under the Lease, and is hereby released and relieved of any and all liability to

Franchisor and/or Tenant for any action it takes in so relying that is undertaken in good faith and in the absence of gross negligence or intentional misconduct. Franchisor and Tenant, jointly and severally, hereby agree that they will defend, indemnify and hold Landlord harmless from and against any and all claims, demands, losses, costs, expenses (including attorneys' fees and court costs) that may arise out of or in connection with any dispute between Franchisor and Tenant with respect to their rights and obligations under this Agreement, including without limitation, attorneys' fees and costs incurred by Landlord incident to the prosecution of or participation in any suit for declaratory decree, construction or interpretation of the Lease and/or this Rider.

**LANDLORD**

**TENANT**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

### **Attachment 3 to Franchise Agreement Guaranty and Non-Compete Agreement**

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Fly Dance Fitness Franchising, LLC, a Florida limited liability company (“Franchisor”) on \_\_\_\_\_.

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with Franchisor for the franchise of a Fly Dance Fitness business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Franchisor to enter into the Franchise Agreement. The Franchise Agreement is incorporated herein as if more fully set forth.

Guarantor agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally guarantees to Franchisor and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Franchisor, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Franchisor upon demand from Franchisor. Guarantor waives (a) acceptance and notice of acceptance by Franchisor of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled, except for any applicable homestead exemptions.

2. **Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Franchisor or its affiliates (except for Confidential Information which Franchisor licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Franchisor. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. **Covenants Not to Compete.** For purposes of this Guaranty, “Competitive Business” means any business operating or granting franchises or licenses to others to operate fitness studio or health club business, or any other business that provides the same or similar services customarily offered under the System; and “directly or indirectly” means that it includes, but is not limited to, all persons (natural or otherwise) under Guarantor’s control, and Guarantor’s spouse, children, parents, brothers, sisters, any other relative, friends, trustees, agents or associates.

(a) **Restriction - In Term.** During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitive Business.

(b) **Restriction – Post Term.** For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Franchisee or Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitive Business located within ten (10) miles of the Approved Location or within ten (10) miles of any other Fly Dance Fitness business operating on the date of termination or transfer, as applicable.

(c) **Interpretation.** Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Guarantor agrees that the existence of any claim it or Franchisee may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. **Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. **Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 14 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Franchisor all costs incurred by Franchisor (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

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

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

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

**Attachment 4 to Franchise Agreement  
(Sample) Non-Competition and Non-Disclosure Agreement for Employees**

This Non-Competition and Non-Disclosure Agreement (hereinafter the “Agreement”) is entered into this \_\_\_\_\_ by and between \_\_\_\_\_ (hereinafter “Franchisee”) and \_\_\_\_\_ (hereinafter “Employee”) (Franchisee and Employee collectively referred to as the “parties”).

**RECITALS**

WHEREAS, Franchisee has entered into a franchise agreement with Fly Dance Fitness FRANCHISING, LLC (hereinafter “Franchisor” or “Fly Dance Fitness”), whereby Franchisee has agreed to various restrictive covenants necessary for the protection and success of the franchise relationship;

WHEREAS, Franchisee desires to employ Employee and Employee desires to be employed by Franchisee;

WHEREAS, Employee desires to contribute to the success of the franchise by entering into this Agreement with the understanding that Fly Dance Fitness is an intended beneficiary of this Agreement;

WHEREAS, Fly Dance Fitness is engaged in the business of providing automobile insurance coverage and related services to customers of franchise car dealerships and the general public throughout Florida;

WHEREAS, Franchisee through its franchise relationship with Fly Dance Fitness has and will continue to develop and acquire a body of proprietary information pertaining to the various aspects of its business that Fly Dance Fitness has acquired through great expense and effort, including information that is confidential and not available for public sources;

WHEREAS, Employee, in connection with his/her employment, recognizes that the Employee will have access to, or otherwise come into contact with, certain proprietary and confidential information of Fly Dance Fitness, including but not limited to Fly Dance Fitness’s acquired knowledge of its business affairs and operations, specialized training for providing and underwriting insurance policies, trade secrets, financial information, pricing practices, policy pricing, the names, addresses, requirements, and preferences of existing or identifiable prospective clients, vendors, insured, and carriers, sales data and information, and specific techniques Fly Dance Fitness used or uses to develop additional sales, vendor lists, client lists, insureds lists, and carrier lists;

WHEREAS, Employee recognizes that the Employee’s subsequent employment with a competitor of Fly Dance Fitness would result in the disclosure of that Confidential Information, would create unfair competition, and would cause substantial loss and harm to Fly Dance Fitness and thus, to Franchisee;

WHEREAS, the Employee acknowledges and agrees that his/her employment with Franchisee is based on Employee’s agreement to abide by the covenants contained in this Agreement;

WHEREAS, Employee and Franchisee desire to prevent the dissemination or misuse of this information;

WHEREAS, Franchisee, as a condition to Employee's continued employment with Franchisee, is requiring Employee to enter into this Agreement and Employee is voluntarily agreeing to enter into this Agreement;

WHEREAS, Employee further acknowledges and agrees that the covenants contained herein are necessary for the protection of Fly Dance Fitness and Franchisee's legitimate business interests and are reasonable in scope and content; and

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are acknowledged, the parties mutually agree as follows:

### **AT WILL-EMPLOYMENT**

The Employee acknowledges and agrees that the Employee is employed by Franchisee on an at-will basis, and that Franchisee has the right to terminate the Employee's employment at any time, either with or without cause or notice.

### **RESTRICTIVE COVENANTS**

**Non-Competition.** In exchange for the Employee's continued employment with Franchisee, the Employee agrees that during the term of Employee's employment with Franchisee, and for a period of one (1) year after the termination of Employee's employment with Franchisee ("Non-Compete Period"), the Employee will not compete, directly or indirectly, either as an employee, employer, consultant, agent, broker, principal, proprietor, stockholder, partner, officer, director, owner, member, manager, operator, or otherwise, with Franchisee by engaging within the geographic area within ten (10) miles of any Franchisee or Fly Dance Fitness office, agency, franchise, or affiliate location, while Employee was and is employed with Franchisee in the business of developing, producing, marketing, monitoring, servicing, or selling products or services similar to those distributed, sold or provided by Franchisee or Fly Dance Fitness at any time during the two (2) years preceding Employee's termination of employment with Franchisee through the end of the Non-Compete period. For purposes of this agreement, "engaging" within the geographic area shall mean acting directly or indirectly as an employee, employer, consultant, agent, broker, principal, proprietor, stockholder, partner, officer, director, owner, member, manager, operator, or otherwise owning more than 1%, in or with any business entity or with any individual that is in the business of developing, producing, marketing, monitoring, servicing, or selling products or services similar to those distributed, sold or provided by Franchisee or Fly Dance Fitness.

The restrictions set forth in this Section may be assigned by Fly Dance Fitness without the knowledge or consent of Employee, and they may be enforced by any assignee of, or successor to, the rights set forth in this Agreement.

### **CONFIDENTIAL INFORMATION**

For purposes of this Agreement, confidential information as used includes, but is not limited to the proprietary information, business, financial, marketing data and information, materials, opinion letters, correspondence, ideas, files, records, photographs, drawings, improvements, equipment, spreadsheets,

promotional materials, applications, know-how, trade secrets, specialized employee training, techniques, protocols, procedures, technology, research, specifications, plans, methods, processes, systems, policies, pricing, client lists, insured lists, vendor lists, carrier lists, technology, manuals, guidelines, dealership lists, contact information of certain key employees at dealerships, and materials relating to the business, operations, clients, prospective clients, carriers, prospective carriers, insured, prospective insureds, vendors, prospective vendors, dealerships or prospective dealerships that Fly Dance Fitness has or had an existing or prospective relationship with, or any proprietary information of Fly Dance Fitness (hereinafter collectively referred to as “confidential information”).

The term “confidential information” shall not include: (i) information that is made generally or publicly available without the fault of Employee; (ii) information that is required to be disclosed by Employee in a court order or similar requirement of a government agency, provided, however, Employee shall immediately notify Fly Dance Fitness of any such order or requirements and Employee shall disclose only the minimum amount of information necessary to abide by such order or requirement; (iii) information available from a third party without breach of this Agreement by Employee; (iv) information independently developed by Employee subsequent to Employee’s employment with Fly Dance Fitness without breach of this Agreement and without reference to the confidential information; and (v) information that is disclosed and used with the prior written consent of Fly Dance Fitness, which consent may be given or withheld in its sole discretion.

The Confidential Information shall not be copied, reproduced, or modified in any way without the express written consent of Fly Dance Fitness. Upon termination of this Agreement, or upon the request of Fly Dance Fitness, the Confidential Information, including the originals and any copies thereof, shall be immediately returned to Fly Dance Fitness or destroyed by Employee, at Fly Dance Fitness’s request.

Employee acknowledges that Fly Dance Fitness’s Confidential Information is a valuable, special and unique asset of Fly Dance Fitness’s business that is essential to the continuation of the business of Fly Dance Fitness. Employee further recognizes that it will perform duties and services for Fly Dance Fitness in a capacity in which it will become acquainted with all or part of Fly Dance Fitness’s Confidential Information. Employee recognizes that over a period of several years Fly Dance Fitness has developed, at considerable expense, relationships with, and knowledge about its carriers, clients, insureds, vendors, policies, and technology, and prospective clients, carriers, insureds, and vendors, which constitute a major part of the value of Fly Dance Fitness. In order to protect the legitimate interest of Fly Dance Fitness with this commercially valuable, proprietary and confidential information, it is necessary for Employee to protect Fly Dance Fitness’s Confidential Information by holding it confidential, and Employee agrees to do so.

**NON-DISCLOSURE.** While employed by Fly Dance Fitness and thereafter, Employee agrees to keep in the strictest confidence, to refrain from disclosing or divulging to any person, firm or corporation, and to refrain from using directly or indirectly, for his/her benefit or the benefit of others, any information which is or ought to be treated as Confidential Information. Employee agrees that it will not at any time, whether during or after its engagement with Fly Dance Fitness, disclose to any person or entity any Confidential Information, or permit any person or entity to examine or make copies of any documents which contain or are derived from Confidential Information, whether prepared by Employee or otherwise coming into Employee’s possession or control, without the prior written permission of Fly Dance Fitness. Employee may disclose Confidential Information once it becomes part of the public domain or is published to the

general public by Fly Dance Fitness. The restrictions set forth in this Paragraph may be assigned without the knowledge or consent of Employee, and they may be enforced by any assignee of, or successor to, the rights set forth in this Agreement.

Any violation of this provision by Employee shall be treated as a material breach of this Agreement and a violation of Florida's Uniform Trade Secrets Act. Employee understands and acknowledges that Employee's violation of non-disclosure and confidentiality provisions of this Agreement shall cause monetary damages to Fly Dance Fitness which may not be easy to quantify and will cause Fly Dance Fitness to lose profits. As such, should Employee breach this Agreement, Fly Dance Fitness may pursue all legal remedies along with injunctive relief, lost profits, incidental damages, consequential damages, and attorney's fees and costs incurred in pursuing such relief against Employee.

**NON-DISPARAGEMENT.** The Parties agree that they will not communicate to any person or persons any information or opinion which could be construed as a negative comment about the other or about any of Fly Dance Fitness's owners, officers, directors, managers, employees, agents, or representatives, or which may have the effect of placing Fly Dance Fitness in a negative or unflattering light. A breach of this provision will be deemed a material breach of this Agreement entitling Fly Dance Fitness to any and all remedies available at law and in equity as against Employee, including, but not limited to an injunction and damages.

**NON-CIRCUMVENTION.** Employee shall not, directly or indirectly, except in collaboration with or with the prior express written consent of Franchisee: (a.) enter into any transaction with any party or parties introduced to the Employee by FRNACHISEE or by Fly Dance Fitness (the "Introduced Party") similar to, in competition with, or which otherwise could have the effect of preventing Franchisee or Fly Dance Fitness from receiving the full benefit of, the transaction or transactions contemplated by this Agreement; (b.) solicit the Introduced Party to enter into any such transaction; or (c.) induce, solicit, procure, or otherwise encourage its Representatives or any third party, or respond to any solicitation from any of the same, to enter into any such transaction.

**POSSESSION.** Employee agrees that upon request of Fly Dance Fitness or Franchisee, and in any event upon the termination of Employee's employment with Franchisee, Employee shall immediately turn over to Franchisee all documents, in either written or computer readable form, that are in its possession or under its control which may contain or be derived from Confidential Information, together with all equipment, hardware, software, documents, notes or other work product which is connected with or derived from Employee's employment with Franchisee, whether or not such material is in Employee's possession at the time of signing this Agreement.

**SEVERABILITY.** Employee and Franchisee agree that wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under Florida law. However, the Parties agree that if any provision of this Agreement or the application of any provision to any party or circumstance shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without it invalidating the remainder of the provisions of this Agreement or the application of the provision to the other parties or other circumstances. If any aspect of this Agreement is determined by a court of competent jurisdiction to be too broad as to time, area, or restricted activity, then such defective aspect shall be reduced to such scope as is reasonable and

enforceable, and the aspect as so modified shall be enforceable by injunction or any other legal or equitable remedy.

**REMEDIES; INJUNCTIVE RELIEF.** Employee acknowledges that disclosure of any Confidential Information or breach of any of the covenants contained in this Agreement will give rise to irreparable injury to Fly Dance Fitness, to Franchisee, and to clients of Fly Dance Fitness, inadequately compensable in damages. Employee also agrees and acknowledges that his/her use of trade secrets, confidential information, or proprietary information, in a manner contrary to this Agreement will give rise to irreparable injury which may specifically be enjoined. Accordingly, Franchisee or Fly Dance Fitness may seek and obtain injunctive relief against Employee for the breach or threatened breach of the foregoing, in addition to any other legal remedies that may be available. Employee further acknowledges and agrees that, in the event of the termination of employment with Franchisee (for whatever reason), Employee's experience and capabilities are such that Employee can obtain employment, which is of a different or non-competing nature, and that the enforcement of a remedy under this Agreement by way of injunction shall not prevent Employee from earning a reasonable livelihood.

**ENFORCEABILITY.** The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action of Employee against Franchisee whether predicated on this Agreement or otherwise.

**ATTORNEY'S FEES.** If any action at law or in equity is brought to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, whether at pretrial, trial, post-judgment, or appellate levels, which may be set by the court in the same action or in a separate action for that purpose, including reasonable costs and fees awarded in such action, in addition to any other relief to which the party may be entitled.

**AMENDMENT.** No amendment of this Agreement or termination of this Agreement will be binding unless executed in writing and signed by Employee, Franchisee and Fly Dance Fitness.

**INTENDED BENEFICIARY.** Employee understands and agrees that Fly Dance Fitness is an intended beneficiary of this Agreement and that the restrictive covenants contained herein are enforceable by both the Franchisee and by Fly Dance Fitness against Employee.

**MODIFICATION AND WAIVER.** No modification or waiver of any terms of this Agreement shall be valid unless in writing and executed by Fly Dance Fitness, Franchisee and Employee. No waiver of any breach hereof or default hereunder shall be deemed a waiver of any subsequent breach or default of the same or similar or dissimilar nature. No course of dealing or course of conduct shall be effective to amend, modify, or change any provision of this Agreement. Notwithstanding any applicable law, the terms of this paragraph may not be waived by any course of dealing or course of conduct.

**GOVERNING LAW; CONSENT TO JURISDICTION; JURY WAIVER.** This Agreement shall be construed in accordance with the laws of the State of \_\_\_\_\_, whether substantive or procedural. Employee agrees that any action to enforce the terms of this Agreement may be brought by Fly Dance Fitness or Franchisee in the courts of Sarasota County. Employee irrevocably waives, to the fullest extent permitted by law, any objection which he/she may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in the courts of

\_\_\_\_\_ County and further irrevocably waives any claim that any such suit or action has been brought in an inconvenient forum or venue. Employee further waives any right to a trial by jury in any action brought to enforce this Agreement.

**MERGER CLAUSE; ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties relating to the subject matter hereof, and supersedes any prior written or oral understandings, agreements, or representations by or among the parties that may have related in any way to the subject matter of this Agreement.

**NOTICES.** Any notice required or permitted to be given under this Agreement shall be sufficient if in writing, and if sent by certified registered mail, return receipt requested, or by overnight express mail by a major recognized mail service such as FEDEX or UPS, to the last known residence of the Employee or to the principal office of Fly Dance Fitness and Franchisee.

WHEN EXECUTED, THIS AGREEMENT CONSTITUTES A BINDING LEGAL DOCUMENT WHICH MAY AFFECT OR RESTRICT EMPLOYEE'S EMPLOYMENT WITH OTHER COMPANIES IN THE FUTURE. YOUR SIGNATURE BELOW ACKNOWLEDGES THAT YOU HAVE READ THE AGREEMENT, UNDERSTOOD ITS CONTENTS, AND HAVE HAD AN OPPORTUNITY TO HAVE YOUR LEGAL ADVISOR REVIEW THE AGREEMENT PRIOR TO EXECUTION.

[Signatures on Following Page]

IN WITNESS OF THE ABOVE, the parties have executed this Agreement as of the date first above-written.

EMPLOYEE

Signature: \_\_\_\_\_

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

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

On behalf of FRANCHISEE/EMPLOYER

\_\_\_\_\_ **[Name of Franchisee entity]**

Signature: \_\_\_\_\_

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

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

(Person signing on behalf of Franchisee/  
Employer)

**Exhibit B to Franchise Disclosure Document**

**Fly Dance Fitness Franchising  
Operations Manual Table of Contents**

# TABLE OF CONTENTS

**CONFIDENTIALITY & TRADE SECRETS .....2**

**TABLE OF CONTENTS.....3**

**DETAILED OPERATIONS GUIDE.....5**

**Section 1: Introduction to Fly Dance Fitness® .....5**

    1.1 Purpose of This Manual .....5

    1.2 About Fly Dance Fitness® .....5

    1.3 Our Mission & Core Values .....6

**2. Studio Operations & Daily Procedures .....8**

    2.1 Team Structure & Responsibilities .....8

    2.2 Internal Studio Policies.....9

    2.3 Studio Opening Procedures .....9

**3. Staff Management & Expectations.....12**

    3.1 Hiring & Minimum Requirements.....12

    3.2 Staff Training & Onboarding .....12

    3.3 Employee Expectations & Conduct.....13

    3.4 Staff Dress Code & Professional Appearance .....13

    3.5 Employee Timekeeping & Payroll .....14

    3.6 Performance Management & Staff Accountability.....15

**4. Client Experience & Engagement .....16**

    4.1 Client Management & Check-In Procedures.....16

    4.2 MindBody: Client Accounts & Troubleshooting.....16

    4.3 Handling Customer Complaints & Conflict Resolution .....17

    4.4 Building Community & Member Engagement.....17

    4.5 Frequent Flyer & Membership Rewards.....18

**5. Class Formats & Instructor Guidelines .....19**

    5.1 Overview of Class Offerings .....19

    5.2 Instructor Operating Procedures.....19

    5.3 Throw Down® Class Procedures.....20

    5.4 Sculpt Weights & Sculpt Circuits Procedures .....21

    5.5 So Fly Step Class Procedures.....21

    5.6 Private Parties & Special Events .....22

**6. Business Operations & Financial Management.....23**

    6.1 Accounting & Payroll Overview.....23

    6.2 Tax Requirements & Legal Compliance .....23

    6.3 Sales & Membership Pricing Strategy .....24

    6.4 Discounts & Related Policies.....24

    6.5 Retail & Inventory Management .....25

**7. Marketing & Social Media Guidelines .....26**

    7.1 Brand & Social Media Policy Overview.....26



7.2 Daily Social Media Content Expectations ..... 26

7.3 Crisis Plan & Reputation Management..... 27

7.4 Promotions, Giveaways & Brand Partnerships ..... 27

**8. Compliance & Legal Guidelines ..... 28**

8.1 Franchise Agreement & Compliance Expectations ..... 28

8.2 Independent Contractor Agreements..... 28

8.3 Participation Waivers & Required Client Forms..... 29

8.4 Insurance & Liability Coverage ..... 29

**9. Emergency Procedures & Incident Reporting ..... 30**

9.1 Medical Emergencies & First Aid Protocols..... 30

9.2 Fire & Evacuation Procedures ..... 31

9.3 Power Outage & Equipment Failures ..... 31

9.4 Incident Documentation & Reporting Guidelines ..... 31



**Exhibit C to the Franchise Disclosure Document**

**List of Current and Former Franchisees**

**A. Current Franchisees with Open Franchised Businesses as of December 31, 2024: (None)**

**B. Franchisees that Have Signed a Franchise Agreement but were Not Yet Open as of December 31, 2024:**

<b>Name</b>	<b>City and State</b>	<b>Phone Number</b>
CB Dance Colorado Inc. Attn: Cecilia Bury*	Broomfield, CO	720-201-9209
Dance Junkie LLC Attn: Antonio Pinho	Lakewood Ranch, FL	941-650-8871
Get Me Bodied Dance Fit LLC Attn: Cherie LaRosa*	Orlando, FL	407-973-0680
Brie Baker	Tampa, FL	813-647-0907
Debbie and Jeremie McGaw*	Alpharetta, GA	770-547-8749
Good Vibes, Inc. Attn: Amy Conway*	Myrtle Beach, SC	631-848-7190
Boss Mom, LLC Attn: Erica Spiva	Knoxville, TN	865-617-3290
Crom, LLC Attn: Troy & Diane Ostrum	San Antonio, TX	210-744-3999
Lose Yourself Productions, LLC Attn: Nichole Kesler	West Jordan, UT	801-949-1960

\*As of the Issuance Date of this Disclosure Document, these franchisees have opened for business.

**C. Franchisees that Exited the System in the Past Fiscal Year Ending December 31, 2024, or that Have Failed to Communicate with Us in 10 Weeks Preceding Issuance Date: (None)**

**Exhibit D to the Franchise Disclosure Document**  
**Financial Statements**





**FLY DANCE FITNESS FRANCHISING,  
LLC**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2023



# FLY DANCE FITNESS FRANCHISING, LLC

## Table of Contents

	<u>Page</u>
Independent auditor's report.....	3
Balance sheet.....	5
Statement of operations.....	6
Statement of shareholders' deficit.....	7
Statement of cash flows.....	8
Notes to the financial statements.....	9



### ***Independent Auditor's Report***

To the Shareholders  
Fly Dance Fitness Franchising, LLC  
Sarasota, Florida

#### ***Opinion***

We have audited the accompanying financial statements of Fly Dance Fitness Franchising, LLC which comprise the balance sheet as of December 31, 2023, and the related statement of operations, changes in shareholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

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

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

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

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

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

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

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

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

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

***Restrictions on Use***

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas <sup>1</sup>/<sub>3</sub> Dunlavy

St. George, Utah  
March 1, 2024

Fly Dance Fitness Franchising, LLC  
 Balance Sheet  
 As of December 31, 2023

	<b>2023</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 29,149
Accounts receivable	35,000
Deferred commissions	3,000
Total assets	\$ 67,149
 <b>Liabilities and Shareholders' Deficit</b>	
Current liabilities	
Accrued expenses	\$ 3,300
Deferred revenue	75,000
Total liabilities	78,300
 Shareholders' deficit	
Retained earnings	(11,151)
Total deficit	(11,151)
Total liabilities and shareholders' deficit	\$ 67,149

The accompanying notes are an integral part of the financial statements.

Fly Dance Fitness Franchising, LLC  
Statement of Operations  
For the year ended December 31, 2023

	<u>2023</u>
Revenue	\$ -
Operating expenses	
Selling, general, and administrative	<u>60,151</u>
Total operating expenses	<u>60,151</u>
Net loss	<u>\$ (60,151)</u>

The accompanying notes are an integral part of the financial statements.

Fly Dance Fitness Franchising, LLC  
Statement of Shareholders' Deficit  
For the year ended December 31, 2023

	<u>2023</u>
Beginning member's equity	\$ -
Contributions	54,000
Distributions	(5,000)
Net loss	<u>(60,151)</u>
Balance at December 31, 2023	<u>\$ (11,151)</u>

The accompanying notes are an integral part of these financial statements.

Fly Dance Fitness Franchising, LLC  
Statement of Cash Flows  
For the year ended December 31, 2023

	<b>2023</b>
Cash flow from operating activities:	
Net loss	\$ (60,151)
Adjustments to reconcile net loss to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(35,000)
Deferred commissions	(3,000)
Accrued expenses	3,300
Deferred revenue	75,000
Net cash used in operating activities	(19,851)
Cash flows from financing activities:	
Contributions	54,000
Distributions	(5,000)
Net cash provided by financing activities	49,000
Net change in cash and cash equivalents	29,149
Cash at the beginning of the period	-
Cash at the end of the period	\$ 29,149
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ -

The accompanying notes are an integral part of the financial statements.

**FLY DANCE FITNESS FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

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

*(a) Nature of Business*

Fly Dance Fitness Franchising, LLC, (the Company), was incorporated on April 25, 2022, in the State of Florida as an S Corporation. The Company offers a variety of dance fitness and sculpting classes to reshape the body and mind.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

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

*(c) Use of Estimates*

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, the Company had cash and cash equivalents of \$29,149.

*(e) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales and royalty fees. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical collections, customers' current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer's ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. As of December 31, 2023, an allowance for uncollectible accounts was not deemed necessary. As of December 31, 2023, the Company had net accounts receivable of \$35,000 relating to franchise agreements sold but for payment had not been received.

*(f) Revenue Recognition*

The Company's primary revenues consist of initial franchise fees, royalty fees, and marketing fees. For the year ended December 31, 2023, there were not any royalty or marketing fees received.

**FLY DANCE FITNESS FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

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

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, royalty fees, marketing fees, and the Company's performance obligations. The franchise term is generally for 5 years and renewal options may be signed in conjunction with the initial franchise contract sale.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of marketing and technology fund fees and licensing fees which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

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

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon the provision of these pre-opening services, which is generally the commencement of operations.

*(g) Income Taxes*

The Company has elected to be treated as Subchapter S Corporation under the provisions of the Internal Revenue Code for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its stockholder and no provision for federal or state income taxes has been recorded in the accompanying balance sheet.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the Company has not filed any tax returns.

**FLY DANCE FITNESS FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

*(h) Fair Value of Financial Instruments*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. For certain of the Company's financial instruments, including cash and cash equivalents and accounts receivable, the carrying amounts approximate fair value due to their short maturities.

(2) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial franchise fees, as well as continuing royalty fees and marketing fees, to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Fly Dance Fitness franchise system for a period of five years. The initial fee related to the pre-opening services and any corresponding commissions for franchises not opened as of year-end are deferred until the franchise location opens. As of December 31, 2023, the Company had contract liabilities (deferred revenue) of \$75,000 and deferred commissions of \$3,000.

(3) Commitments and Contingencies

*(a) Litigation*

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

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

(4) Subsequent Events

Management has evaluated subsequent events through March 1, 2024, the date on which the financial statements were available to be issued.

## Exhibit E to the Franchise Disclosure Document

### State Administrators and Agents for Service Of Process

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69- 1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**Exhibit F to the Franchise Disclosure Document**  
**State-Specific Addenda**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The following language is added to the end of Item 3 of the Disclosure Document:

Neither the Franchisor nor any person or franchise broker identified in Item 2 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, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California 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 that law or any rule or order thereunder is void.

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur where the Franchisor's headquarters are located at that time (currently in Florida) with the costs being equally borne by the parties. The prevailing party will be entitled to recover its costs from the other party, including reasonable compensation for expenses, costs and fees, and

attorney's fees in connection with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

The highest interest rate allowed by law in California is 10% annually.

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

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

**CALIFORNIA RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchisee Agreement dated \_\_\_\_\_ (the “Agreement”), between Fly Dance Fitness Franchising, LLC, a Florida limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. 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.

**2. Deferral.** Franchisor shall defer collecting the initial franchise fee until Franchisor has completed its pre-opening obligations under the franchise agreement and Franchisee has opened for business.

IN WITNESS WHEREOF, the parties below have duly executed this Rider on the Effective Date set forth above.

**FRANCHISOR**  
**FLY DANCE FITNESS FRANCHISING, LLC**

**FRANCHISEE**  
\_\_\_\_\_

\_\_\_\_\_  
Print: Kari Schroeter  
Title: Chief Operating Officer

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

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

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

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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

Franchisor shall defer payment of the initial franchise fee until the franchisor has completed its pre-opening obligations under the franchise agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchisee Agreement dated \_\_\_\_\_ (the “Agreement”), between Fly Dance Fitness Franchising, LLC, a Florida limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

3. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

4. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

5. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

6. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

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

8. **Deferral.** Franchisor shall defer payment of the initial franchise fee until the franchisor has completed its pre-opening obligations under the franchise agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

*[Signatures on the following page]*

IN WITNESS WHEREOF, the parties below have duly executed this Rider on the Effective Date set forth above.

**FRANCHISOR**  
**FLY DANCE FITNESS FRANCHISING, LLC**

**FRANCHISEE**  
\_\_\_\_\_

\_\_\_\_\_  
Print: Kari Schroeter  
Title: Chief Operating Officer

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

## **NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT**

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.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

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

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

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

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

Item 5 is amended to include the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**VIRGINIA RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchisee Agreement dated \_\_\_\_\_ (the “Agreement”), between Fly Dance Fitness Franchising, LLC, a Florida limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Deferral.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to the Franchisor until Franchisor has completed its pre-opening obligations under the Agreement.

**2. Franchise 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.

IN WITNESS WHEREOF, the parties below have duly executed this Rider on the Effective Date set forth above.

**FRANCHISOR**  
**FLY DANCE FITNESS FRANCHISING, LLC**

**FRANCHISEE**  
\_\_\_\_\_

\_\_\_\_\_  
Print: Kari Schroeter  
Title: Chief Operating Officer

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

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE 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. **Deferral.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees under the Franchise Agreement and Multi-Territory Addendum, if applicable, until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.
3. **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.
4. **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.
5. **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).
6. **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.

7. **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.
8. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
9. **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.
10. **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).
11. **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).
12. **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.
13. **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.
14. **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.
15. **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.

16. **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.

17. **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.

18. **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).

19. **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.

*(Signatures on the following page)*

The undersigned parties do hereby acknowledge receipt of this Addendum.

**FRANCHISOR:**

**FRANCHISEE:**

**FLY DANCE FITNESS FRANCHISING, LLC**

\_\_\_\_\_

By: \_\_\_\_\_  
Kari Schroeter, Chief Operating Officer

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

**IF AN INDIVIDUAL:**

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

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

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

**IF A PARTNERSHIP, CORPORATION, OR  
OTHER ENTITY:**

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

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

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

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

## Exhibit G to the Franchise Disclosure Document

### Sample Waiver and Release of Claims

This Waiver and Release of Claims (the "Release") is made as of this \_\_\_\_\_ [date this Release is signed] by and between \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of FLY DANCE FITNESS FRANCHISING, LLC, a Florida Limited Liability Company ("Franchisor") and together with the Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Fly Dance Fitness;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, and Franchisor has consented to such transfer; and

WHEREAS, as a condition to Franchisor's consent to the transfer, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties.** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release.** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, and any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. **Non-disparagement.** Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business) or their reputation.

4. **Miscellaneous.**

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Florida.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document. Facsimile signatures shall be deemed to be as valid as original signatures.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

This Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

Franchisee (Print name): \_\_\_\_\_ Date: \_\_\_\_\_

Franchisee (Signature): \_\_\_\_\_

Signature of each of Franchisee's Owners

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

Owner signature: \_\_\_\_\_

## Exhibit H to the Franchise Disclosure Document

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	June 7, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**

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

If Fly Dance Fitness Franchising, LLC (“FDF”) 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, FDF or an affiliate in connection with the proposed franchise sale.

New York requires that FDF gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that FDF 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.

If FDF does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit E.

FDF authorizes the agents listed in Exhibit E to receive service of process on its behalf.

The franchise sellers offering this franchise are Kari Schroeter and Stacey Marks, Fly Dance Fitness Franchising, LLC, 999 Cattlemen Road, F, Sarasota, FL 34232, (941) 378-1359.

Issuance Date: April 30, 2025

I have received a disclosure document dated April 30, 2025 that included the following Exhibits:

- |  |   |
|--|---|
| <b>Exhibit A:</b> Franchise Agreement                                    | <b>Exhibit F:</b> State-Specific Addenda              |
| <b>Exhibit B:</b> Operations Manual Table of Contents                    | <b>Exhibit G:</b> Sample Waiver and Release of Claims |
| <b>Exhibit C:</b> List of Current and Former Franchisees                 | <b>Exhibit H:</b> State Effective Dates               |
| <b>Exhibit D:</b> Financial Statements                                   |   |
| <b>Exhibit E:</b> State Administrators and Agents for Service of Process |   |

_____	_____	_____
Date	Prospective Franchisee	Print Name
_____	_____	_____
Date	Prospective Franchisee	Print Name

**PLEASE SIGN AND DATE THIS PAGE AND RETAIN THIS PAGE IN YOUR POSSESSION AS PART OF YOUR RECORDS.**

**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 Fly Dance Fitness Franchising, LLC (“FDF”) 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, FDF or an affiliate in connection with the proposed franchise sale.

New York requires that FDF gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that FDF 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.

If FDF does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit E.

FDF authorizes the agents listed in Exhibit E to receive service of process on its behalf.

The franchise sellers offering this franchise are Kari Schroeter and Stacey Marks, Fly Dance Fitness Franchising, LLC, 999 Cattlemen Road, F, Sarasota, FL 34232, (941) 378-1359.

Issuance Date: April 30, 2025

I have received a disclosure document dated April 30, 2025 that included the following Exhibits:

- Exhibit A:** Franchise Agreement
- Exhibit B:** Operations Manual Table of Contents
- Exhibit C:** List of Current and Former Franchisees
- Exhibit D:** Financial Statements
- Exhibit E:** State Administrators and Agents for Service of Process
- Exhibit F:** State-Specific Addenda
- Exhibit G:** Sample Waiver and Release of Claims
- Exhibit H:** State Effective Dates

Date	Prospective Franchisee	Print Name
Date	Prospective Franchisee	Print Name

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:  
 FLY DANCE FITNESS FRANCHISING, LLC  
 999 CATTLEMEN ROAD, F  
 SARASOTA, FL 34232**