

FRANCHISE DISCLOSURE DOCUMENT



**MONTESSORI
KIDS UNIVERSE®**

MONTESSORI SCHOOL FRANCHISING LLC

A Florida limited liability company

4521 PGA Boulevard, Suite 156

Palm Beach Gardens, Florida 33418

Phone: 561-339-9121

info@mkuschools.com

www.montessorikidsuniverse.com

Montessori School Franchising LLC is offering franchises for the operation of Montessori Kids Universe® pre-schools that provide childcare and early childhood education based upon on the implementation of a Montessori-inspired curriculum. The curriculum is enhanced through the inclusion of our proprietary Reggio Emilia-inspired educational curriculum “DaVinci Kids.”

The total investment necessary to begin operations of a Montessori Kids Universe® school is \$782,208 to \$1,688,958. This includes \$75,000 to \$105,000 that must be paid to the franchisor or its affiliates. If you sign a Multi-Unit Development Agreement, the total investment necessary to begin operation of two (2) Montessori Kids Universe® schools is \$838,458 to \$1,745,208. This includes \$131,250 to \$161,250 that must be paid to franchisor or its affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Thomas Boehm, in writing at *Montessori School Franchising LLC*, 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418 or call at (561) 339-9121.

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 a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW., Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 15, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if your franchise is 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 “J”.

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:

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.

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.

Unregistered Trademark. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

Unopened Franchises. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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 APPLY 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.

- (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.

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
525 W. Ottawa Street
P.O. Box 30758
Lansing, Michigan 48909
Telephone Number: (517) 335-7569

TABLE OF CONTENTS

Item		Page
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	4
3.	LITIGATION	4
4.	BANKRUPTCY	5
5.	INITIAL FEES	5
6.	OTHER FEES	6
7.	ESTIMATED INITIAL INVESTMENT	10
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
9.	FRANCHISEE'S OBLIGATIONS	18
10.	FINANCING	19
11.	FRANCHISOR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	19
12.	TERRITORY	26
13.	TRADEMARKS	27
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	28
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	29
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	31
18.	PUBLIC FIGURES	36
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	36
20.	OUTLETS AND FRANCHISEE INFORMATION	39
21.	FINANCIAL STATEMENTS	43
22.	CONTRACTS	43
23.	RECEIPTS	43

EXHIBITS

A.	FRANCHISE AGREEMENT
B.	MULTI-UNIT DEVELOPMENT AGREEMENT
C.	CONDITIONAL ASSIGNMENT OF LEASE
D.	FORM OF GENERAL RELEASE
E.	OPERATIONS MANUAL TABLE OF CONTENTS
F.	FINANCIAL STATEMENTS
G.	LIST OF CURRENT FRANCHISEES
H.	LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
I.	STATE ADDENDA TO DISCLOSURE DOCUMENT
J.	LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
K.	FRANCHISEE DISCLOSURE QUESTIONNAIRE
L.	STATE EFFECTIVE DATES

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The name of the franchisor is Montessori School Franchising LLC. To simplify the language in this Franchise Disclosure Document (the “Disclosure Document”), the words “we,” “our,” “us,” or “MSF” refers to *Montessori School Franchising LLC*. “You” and “your” refer to the person who buys the franchise, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company, or other business entity, certain provisions of this Disclosure Document also apply to your owners.

The Franchisor, Predecessors, Affiliates and Parent

We are a Florida limited liability company that was formed on December 5, 2012 to offer Montessori Kids Universe® franchises. Our principal business address is 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418. We do business under our company name and the name “Montessori Kids Universe.” We began offering franchises in 2014. Our agent for service of process in Florida is United States Corporation Agents, Inc. at 476 Riverside Avenue, Jacksonville, FL 32202. Refer to Exhibit J for information on state specific Agents for Service of Process. We have not conducted business, or offered franchises, in any other line of business.

We are affiliated with MKU Training Institute, LLC (“**MKUTI**”). MKUTI is a Florida limited liability company formed on August 22, 2016. MKUTI offers a Montessori Teacher Training diploma program delivered through distance learning. MKUTI’s corporate address is 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418.

There are no predecessor or parent companies. We do not have any affiliates that offer franchises in any line of business.

The Montessori and Reggio Emilia Approach to Learning

The Montessori and Reggio Emilia method is based on the principle that children are capable of constructing their own learning, specifically through creative thinking processes related to art and science, with the environment being a third teacher and the adults in the classroom are to be mentors and guides. We have created an authentic Montessori and Reggio Emilia inspired private school.

The Franchise

We offer franchises for the ownership and operation of Montessori Kids Universe® schools that provide childcare and early childhood education based upon on the implementation of a Montessori and Reggio Emilio-inspired curriculum for children from 6 weeks to 6 years of age (“**Students**”). We refer to the franchised business as a “**Montessori Kids Universe® School**” or just “**Montessori Kids Universe®**” or “**School**” in this Disclosure Document. In a Montessori Kids Universe® School, you will offer our curriculum that is enhanced through the inclusion of our proprietary Da Vinci Kids (Reggio Emilia) inspired educational program combined with STEAM (Science, Technology, Engineering, Arts and Math). You will offer the curriculum under the mark Montessori Kids Universe® and related service marks, trademarks and trade names (the “**Marks**”) and will use our proprietary system and concepts for the establishment, operation and promotion of education businesses and for the delivery of educational curricula and programs, and related methods of doing business (the “**System**”).

The Franchise Agreement

You are required to sign our franchise agreement (the “**Franchise Agreement**”) and pay us the initial fees discussed in Item 5 of this Disclosure Document prior to operating your Montessori Kids Universe® School. A copy of our Franchise Agreement is attached to this Disclosure Document as Exhibit A.

The Multi-Unit Development Agreement

If you qualify, we may grant you the right to enter into a Multi-Unit Development Agreement (the “**Development Agreement**” or “**MUDA**”) to develop an agreed-upon number of Montessori Kids Universe® Schools within a specific geographic territory according to a development schedule (the “**Development Schedule**”). The Development Agreement is attached as Exhibit B to this Disclosure Document. Your obligation to develop and operate franchises may be satisfied by you or by an entity owned by you or your owners (an “**Approved Affiliate**”). For each School developed under the Development Agreement, you will sign a separate franchise agreement, which may be different than the form of Franchise Agreement attached to this Disclosure Document. You will pay a reduced Initial Franchise Fee as described in Item 5.

General Description of the Market and Competition

Montessori education has been in existence since 1905 and is recognized globally. Currently there are over 22,000 established Montessori schools worldwide and 8,000 within the U.S. The market for our specialized child education services consists of parents, grandparents and guardians of children from 6 weeks to 6 years of age. Currently, sixty-six percent (66%) of children age 5 and younger attend some form of childcare. Therefore, this market is highly developed. Given the rise of births since the Covid-19 Global Pandemic, our Schools have experienced waiting lists for infant and toddler aged classrooms, which will lead to more enrollments. Our target market is professional, well-educated parents who value an academic and enriched environment for their child. Our clients are primarily children and families from upper middle-income demographics. The sales of the services typically are not seasonal, but may be, depending on the location of your Montessori Kids Universe® School.

Our competition includes all types of preschools and childcare facilities for children ages 6 weeks to 6 years of age, including others that operate Montessori-type facilities. You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

Montessori School Franchising LLC is, at this, time the only known organizations which offers for sale worldwide, a Montessori learning based franchise opportunity.

Regulations Specific to the Industry

There are numerous laws and regulations specific to our industry, which will vary according to your jurisdiction. Most states and localities have specific regulations that regulate businesses offering educational and childcare services.

These laws and regulations may include licensing requirements; standards, specifications and requirements for the design and maintenance of the business premises; standards and requirements for fire safety and general emergency preparedness; quality rating evaluations; capacity and instructor/child ratios; specified minimum indoor and/or outdoor physical facilities and equipment; personnel screening obligations involving background checks and criminal records checks; personnel credentials, age

restrictions and training requirements; obligations to report evidence of child abuse and neglect; food service requirements; and recordkeeping requirements.

Owners of a Montessori Kids Universe® franchise will operate a licensed childcare program and will comply with their state and local childcare licensing regulations. Additionally, owners will be required to successfully complete required background checks and receive required clearances to insure there is no past history that would disqualify them as owners of a childcare facility.

Within 12 months from the date of your Franchise Agreement, you must apply and begin the process for your Montessori Kids Universe® School to be certified by the National Association for the Education of Young Children (“NAEYC”) for Early Childhood Education.

As a franchisee, you will also be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your Montessori Kids Universe® franchise, to determine all legal requirements and consider their effects on you and the cost of compliance. It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

Your business will be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, disabled employees and discrimination in employment practices. You are responsible for complying with these applicable laws, rules and regulations, as well as with all local, state and federal laws of a more general nature which affect the operation of your Montessori Kids Universe® School. You should consult with your attorney on this subject, especially regarding state and local laws, rules and regulations that may affect the operation of a Montessori Kids Universe® franchise at a particular location. You should consider that certain aspects of any business offering educational and childcare services are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, U.S. Department of Education and various state and local health departments and school boards administer and enforce laws and regulations that govern the educational and childcare services provided by, and sanitary conditions of Montessori Kids Universe® School facilities. State and local agencies inspect businesses offering educational and childcare services as well as food services for compliance with these requirements.

You must operate your Montessori Kids Universe® franchise in full compliance with all applicable laws, ordinances and regulations, including, without limitation, data privacy laws and regulations, government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, workers' compensation and unemployment insurance. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224. You should consult with your attorney concerning those and other local laws and ordinance that may affect operation of the Montessori Kids Universe® franchise. There may be other laws applicable to your business. It is your responsibility to investigate any applicable laws as they relate to operating a Montessori Kids Universe® School. You should consider these laws and regulations when evaluating your purchase of a franchise and you should consult with your attorney and local, state and federal government agencies to determine all legal requirements and consider their effects on you and cost of compliance.

It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time. You must keep current and maintain in good standing all licenses, permits, and certifications required by any federal, state or local government agency in connection with the operation of a Montessori Kids Universe® School.

Item 2
BUSINESS EXPERIENCE

Nancy P. Boehm – Co-Founder, Manager and CEO

Nancy Boehm is a Co-Founder of our company and has served as our CEO since our inception in 2012. Ms. Boehm also co-founded our affiliate, MKUTI in August 2016 and has served as CEO since its inception.

Thomas J. Boehm – Founder, Manager and President

Thomas Boehm is a Co-Founder of our company and has served as our President since our inception in 2012. Mr. Boehm also co-founded our affiliate, MKUTI in August 2016 and since that time has served as President of MKUTI.

Julie Kay Boehm – Director of Franchise Support

Julie Boehm is our Director of Franchise Support and has served in this position since May 2016 in Palm Beach Gardens, Florida.

Jackie Boehm – Director of Real Estate

Jackie Boehm is our Director of Real Estate and has served in this position since January 2017 in Palm Beach Gardens, Florida.

Item 3
LITIGATION

Commonwealth of Virginia, ex rel. State Corporation Commission v. Montessori School Franchising LLC, Thomas J. Boehm, and Nancy P. Boehm, Case No. SEC-2017-00030. Following an investigation conducted in 2017 by the Division of Securities and Retail Franchising of the Virginia State Corporation Commission (the “SCC”) initiated an enforcement action before the SCC alleging that Montessori School Franchising LLC (the “Company”) and the Boehms violated the Virginia Retail Franchising Act (the “Virginia Act”) by engaging in franchise sales in the State of Virginia during periods when the franchise was not registered to offer or sell franchises. The Boehms were attempting to open a corporate owned location; however, the state of Virginia deemed it a franchise. Without admitting or denying the SCC’s allegations, the action was settled by mutual agreement between the parties and a settlement order was entered by the SCC on November 9, 2017. Per the settlement order: (1) the Company and the Boehms paid a \$10,000 penalty and the SCC’s costs in the amount of \$5,000; and (2) the Boehms successfully completed an IFA franchise sales compliance training program. On January 16, 2020, finding the Company and the Boehms had fulfilled the requirements of the settlement order, the SCC dismissed the case.

Sheila & Anil Panjwani, 4Qul Management & 4Qul Franchise of Houston, LLC v. Montessori School Franchising, LLC and Montessori Kids Universe LLC, AAA Case No. 01-19-0002-6197. Former franchisee 4 Qul Franchise of Houston, LLC and its owners Sheila and Anil Panjwani filed a Demand for Arbitration were terminated for grossly misusing our trademarks. These franchisees filed a Demand for Arbitration for (1) Violation of the Florida Deceptive and Unfair Trade Practices Act; (2) Violation of the Texas Deceptive Trade Practices Act; and (3) Fraud of the Franchise Agreement and breach of contract and covenant of good faith and fair dealing of the Master Franchise Agreement. This action was a continuation

of an arbitration demand filed in February 2019 with the same allegations. We settled this matter with the terminated franchisees for \$70,000.

Item 4 **BANKRUPTCY**

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

Item 5 **INITIAL FEES**

Franchise Agreement

The initial franchise fee (“**Initial Franchise Fee**”) is \$75,000 for a Montessori Kids Universe® School franchise. The Initial Franchise Fee is due upon signing of your Franchise Agreement and non-refundable under any circumstance.

Optional Lease Guarantee Fee

You may request that we provide a one-year guarantee to the lessor of your School Location, guaranteeing payments of rent under your lease. We have sole discretion whether to provide the guarantee or not. If we exercise our option to provide the guarantee, you shall pay us a one-time fee of \$20,000 to \$30,000 (the “**Lease Guarantee Fee**”). This non-refundable Lease Guarantee Fee is due at the time you sign the lease. The estimated initial investment for the Lease Guarantee Fee is \$0 to \$30,000.

Multi-Unit Development Agreement

If you enter into a Development Agreement, you will sign that agreement together with the Franchise Agreement for the first Montessori Kids Universe® School to be developed under the Development Agreement. Under the Development Agreement, you will also pay a development fee equal to the reduced Initial Franchise Fee for the number of Schools to be developed under the Development Agreement (the “**Development Fee**”). The Development Fee is due upon the signing of the Development Agreement and not refundable under any conditions.

You will pay the Initial Franchise Fee of \$75,000 for your first School and the Development Fee equal to the reduced Initial Franchise Fee for each School we grant you to open and develop under the Development Agreement as follows:

Franchise Agreement	Development Fee
Second Franchise Agreement	75% of the then current Initial Franchise Fee
Third Franchise Agreement	66% of the then current Initial Franchise Fee
Fourth and Subsequent Franchise Agreements	50% of the then current Initial Franchise Fee

The Development Fee is due in full upon the signing of your Development Agreement. You must sign a then current Franchise Agreement for each additional School on or before the date set forth in the Development Schedule for that School, which is typically not later than 24 months following the opening of the most recent School to be developed.

Except as is provided in this Item 5, all fees are non-refundable once paid and all fees are uniform as to all persons currently acquiring a Montessori Kids Universe® franchise.

Item 6
OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	7% of your Gross Revenues	By the 5 th day of the month based on Gross Revenues generated during the previous month	“Gross Revenues” refers to all revenue from your Montessori Kids Universe® School, including all revenues derived from all tuitions, including early morning, afterschool activities, lunches, extra-curricular activities, and/ all services conducted at your School. Your first payment will be due on the 5th day of the second month after your School opens.
Market Cooperative Contribution	Currently none	By the 5 th day of the month	We have the right to establish local or regional advertising cooperatives. Once established, the co-op will set this fee, which requires our consent.
Local Minimum Advertising	Currently none	When occurs	We currently have no local advertising requirements in your Protected Territory, but we have the right to establish local advertising obligations and minimum contributions in the future.
Technology Fee	\$500 per month	Due on 1 st day of the month	Payable to MSF.
Digital Marketing / Expenditure	A minimum investment of \$1,000 per month Until they reach 75% of licensed capacity. Then \$500 per month.	As MSF requires	Payable directly to the digital marketing venue of choice (Google Ad Words, Facebook, etc.).

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee	50% of the then current Initial Franchise Fee; If you transfer rights under a Development Agreement, you also pay a \$10,000 Transfer Fee for each undeveloped franchise right	When transfer occurs	Payable when the Franchise Agreement, Development Agreement, interest in the School, or the franchise is transferred by you. The transferee is charged no Initial Franchise Fee.
Successor Franchise Fee	50% of the then current Initial Franchise Fee	When you sign the then successor Franchise Agreement	Payable when you exercise your right to obtain a successor franchise.
Substitute or New Core Staff Training/ Additional Training Fee	Currently, \$500 per day, plus your expenses in attending training	Time of training	If you request that we provide training to your staff, or we require that you attend additional training, we may charge you this fee, plus our expenses.
MKUTI Teacher Training Fee	\$750 per month payable by ACH	On the first of each month	A new Head of School, new Lead Teachers and certain other new staff members of your School will be required to complete the Montessori Kids Universe® Training Institute program. MKUTI Teacher Training Fees are paid to our affiliate, MKUTI.
ProCare Management Software, License and Training	\$129 per month	As incurred	Payable to our approved vendor. This system provides management of all family and student data, accounts receivable and payables, tuitions, time and attendance data, security, check-in solutions, employee data, payroll, and many other functions.
Line Leader CRM System	\$179 per month	As incurred	Payable to our approved vendor for the system that will manage your client interactions, drip marketing to future and current clients, and optimizing and systemizing client relationships.
Montessori Compass Record Keeping and Assessment Software	\$20 per classroom and \$.50 per student per month	As incurred	Payable to our approved vendor for the system that is used to track and assess the academic growth of each student.
Additional Operations Assistance Fee	Currently, \$500 per day plus expenses, i.e., airfare, transportation, hotels, meals	Time of assistance	You will pay us the Additional Operations Assistance Fee, plus expenses, if additional operations or training assistance is requested by you or required by us beyond what is provided.
Temporary Management Fees	Currently, \$500 per day, plus expenses, i.e., airfare, hotel, transportation, meals	On demand	You will pay us a Temporary Management Fees, plus our expenses, if we temporarily manage your School for any reason.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
MKU Conference Attendance Fee	Will vary, but not to exceed \$1,000 per attendee per conference or convention	As incurred	Payable to us. You will also be responsible for your costs of hotel, travel, meals and any ancillary expenses incurred for each attendee. You must attend two conferences or conventions out of every three annual conferences or conventions we may hold.
Alternative Supplier Approval Fee	Our costs to evaluate a proposed alternative supplier	As incurred	You will bear the responsibility for paying any expenses we incur in reviewing and approving an alternative supplier that you propose for any products or services to be used in your Montessori Kids Universe® School.
Non-Compliance Fee	\$250 per week until non-compliance is cured	On demand	We may charge you \$250 per week for any non-compliance with our System specifications or your Franchise Agreement.
Resolution of Client Complaint Costs	Our costs and expenses	On demand	If we deem that you did not properly handle a client complaint, we may intervene and satisfy the client. You must reimburse us for all costs incurred by us in servicing a client of your School. If a reputation management firm is deemed necessary, you will incur all costs of the firm.
Audit Expenses	All costs and expenses associated with an audit	On demand	You will pay our audit costs if we conduct an audit of your records and it shows you have underreported amounts you owe us by 3% or more.
Costs of Enforcement	All costs including reasonable attorneys' fees	On demand	Payable to us if we incur costs (including reasonable attorneys' fees) in attempting to collect amounts you owe to us or otherwise enforcing any provision of the Franchise Agreement.
Interest and Late Fees	Interest shall be the lesser of 1½% per month or the highest rate of interest allowed by law, plus a \$50 Late Fee	On demand	Late fees plus interest on any payment not received on time will be charged and paid to us if you fail to make any required payments when due.
Indemnity	Our costs and losses from any legal action related to the operation of your School	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your Montessori Kids Universe® School (unless caused by our misconduct or negligence), your occupancy or use of the School Location, or your transfer or sale of the School.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Prevailing party's legal costs	Our attorneys' fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), in which we prevail, you will incur the attorney fees, court costs and other expenses.

We require that all fees be paid electronically to us through ACH debit payment. You will complete and sign an ACH debit authorization, permitting our collection of monthly Royalty Fees and any other fees or amounts owed to us. If you change your bank account or transfer your account to a different bank, you must notify us within one (1) day, and sign and deliver to us your updated ACH debit authorization document to permit us to debit your bank account within three (3) days. All of the fees are paid unless otherwise noted above. All of the fees payable are uniform to a franchisee under this Disclosure Document. All fees are non-refundable.

The Royalty Fee amount will be based upon your monthly gross revenues. We will calculate your monthly Royalty Fee based upon your monthly ProCare report. However, we also require that you provide us with an annual copy of your signed and filed corporate tax return. Your tax returns must not vary by more than three percent (3%) of the amounts as shown on your monthly ProCare report. If your corporate tax return shows earnings that are greater than three percent (3%) of reported earnings that has been charged on your ProCare report, we retain the right to bill your Royalty Fee based upon the tax return earnings. Also, in situations of greater than three percent (3%) disparity, we retain the right to request an independent audit of your School's finances.

During the first year of operation of your School, we require you provide us with a quarterly profit and loss statement from your franchise. After the first year of operations, we require an annual profit and loss statement. The profit and loss statements must be submitted on the 5th day of the month in a month the statement is due and within sixty (60) days after the end of each calendar year. At times, we may require you to provide additional reports or financial information, including bank statements. These can be provided electronically.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee ¹	\$75,000	Bank wired	Upon Signing the Franchise Agreement	MSF
Architect/Space Planner ²	\$10,000 - \$50,000	As Arranged	Before Construction	Vendor
Build Out and Leasehold Improvements ³	\$300,000 - \$750,000	As Arranged	Before Beginning Operations	Approved Vendor
Playground Design, Surfacing, Equipment and Fencing ⁴	\$95,000 - \$150,000	As Arranged	Before Beginning Operations	Approved Vendors
Furniture, Fixtures, Décor and Montessori Materials for 3 classrooms ⁵	\$150,000 - \$350,000	As Arranged	Before Beginning Operations	Suppliers
Office Furniture and Equipment ⁶	\$3,000 - \$5,000	As Arranged	Before Beginning Operations	Suppliers
Signage ⁷	\$5,000 - \$15,000	As Arranged	Before Opening	Local Suppliers
Computers and Tablets ⁸	\$5,000 - \$7,500	As Arranged	Before Beginning Operations	Vendor
Internal Camera System ⁸	\$6,500 - \$9,000	As Arranged	Before Beginning Operations	Approved Vendor
New Owner Training, per person attending ⁹	\$0 - \$0	N/A	N/A	N/A (training virtual)
Montessori Teacher Training ¹⁰	\$750 - \$750	ACH Debit Payment	Paid monthly Upon Opening	MKUTI-Montessori Kids Universe® Training Institute
Children and Staff Uniforms ¹¹	\$800 - \$1,500	As Arranged	Before Beginning Operations	Approved Suppliers
Rent / Security Deposit ¹²	\$25,000 - \$35,000	As Arranged	Upon Signing Lease	Landlord

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Lease Guarantee Fee ¹³	\$0 - \$30,000	Lump sum	At the time you sign your lease agreement	MSF
Pre-Opening Marketing Campaign ¹⁴	\$2,000 - \$2,500	As Arranged	Before Beginning Operations	Local Vendors
ProCare Management Software, License and Training ¹⁵	\$129 - \$129	As Arranged	Monthly	Approved Vendor
Line Leader CRM System ¹⁶	\$179 - \$179	As Arranged	Monthly	Approved Vendor
Montessori Compass Record Keeping and Assessment Software ¹⁷	\$250 - \$750	As Arranged	Monthly	Approved Vendor
Utility Deposits ¹⁸	\$250 - \$500	As Arranged	Before Beginning Operations	Utility Providers
Insurance ¹⁹	\$1,500 - \$2,000	As Arranged	Varies	Insurer
Payroll Service ²⁰	\$100 - \$200	As Arranged	Monthly	Payroll Service Vendor
Legal and Accounting ²¹	\$1,500 - \$3,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Permits and Licenses	\$250 - \$450	As Arranged	Before Beginning Operations	Government entity
Additional Funds and Working Capital ²²	\$100,000 - \$200,000	As Needed	As Needed	Not Specified
GRAND TOTALS²³	\$782,208 - \$1,688,958			

**** All fees and costs payable to us or our affiliates are non-refundable.**

Explanatory Notes

1. **Franchise Fee.** The Initial Franchise Fee in the chart are for purchase of a single franchise of the Montessori Kids Universe® School. If you sign a Development Agreement, the Initial Franchise Fee for the second and subsequent franchises are reduced. See Item 5. The Initial Franchise Fee is nonrefundable.

2. Space Planner/Architect. In most situations, you will require the services of a Space Planner or Architect to draft a floor plan of your School that provides for optimum utilization and licensed enrollment capacity. The plan will need to meet the local zoning, occupancy and Fire Marshall codes for a childcare center.

3. Build Out/Leasehold Improvements. Most often there are changes needed to make improvements to adapt your school facility to meet local childcare regulations and guidelines for operation of a childcare facility and for MKU branding consistencies. The cost of the leasehold improvements varies greatly depending on factors, including size, condition and location of the facility. In many cases when signing a long-term lease, the landlord may contribute “tenant improvement” (TI) dollars for this purpose; however, this is part of the overall negotiations of the lease.

4. Playground Design, Surfacing, Equipment and Fencing. The cost to provide an outdoor play area can vary greatly. Most state licensing guidelines require a minimum of a four-foot high fence; however, state guidelines on fencing vary from state to state. State guidelines also require a specific amount of square feet of outdoor play area per child; this too will vary depending on state and location. You should review these guidelines prior to beginning your space planning. The surface area must be soft and resilient and specific depth of mulch or surface materials may be required. Check with your local licensing guidelines for requirements. We must approve all your outdoor play equipment prior to purchase; all equipment must comply with code for commercial use.

5. Furniture, Fixtures, Décor and Montessori Materials. You will need to purchase and/or lease and install furniture, all required Montessori materials, fixtures and equipment necessary to operate your Montessori Kids Universe® business. All items must be purchased from our approved vendors and comply with our branding requirements. The initial opening costs covers equipment and furnishings for three classrooms; however, you may desire to equip and furnish the entire school. We did not include the costs for expanding into additional classrooms, which are typically covered by the school revenue as the enrollments grow.

6. Office Furniture and Equipment. You will need to purchase general office furniture, equipment and supplies. Costs will vary depending on the square footage and number of offices you have. You must send photos of all lobby and office furniture to us for our approval prior to purchase.

7. Signage. This is an approximate cost for indoor and outdoor signage for your Montessori Kids Universe® School. Bids should be requested from several local sign companies, since they will be familiar with local county/city guidelines and have experience in obtaining the required sign permits. The fee for signage is typically non-refundable. Your signage must comply with our design, color, and format for signage. In addition to obtaining a local sign permit, you must obtain our approval of your sign design prior to purchasing. Due to local permitting, the size and design of your signage will depend primarily on the location where your business is based.

8. Computer Equipment and Software; and Internal Camera System. You must purchase the computer hardware and software, and an internal camera system we call, “Watch Me Grow,” as specified in Item 11 for each Montessori Kids Universe® School you operate.

9. New Owner Training. Owners and Heads of School are required to attend the New Owner Training which is a pre-opening training. It is anticipated this training will be provided “virtually.” If this is the case, there will be no expense for travel and lodging. There is no fee for this training; however, you are responsible for your and your attendee’s transportation, expenses, meals, and lodging while attending training if we decide to have live training at our headquarters. A new Head of School must attend the *next scheduled* New Owner Training program after their hire date.

10. Montessori Teacher Training. Franchise owners are required to have their Lead Teachers trained in Montessori curriculum for both Infant / Toddler and Primary classrooms. Training is required for the school to be true to Dr. Montessori's concepts. Lead teachers must either have been Montessori trained previously to being employed or complete MKU's MKUTI's teacher training. Newly hired teachers must begin MKU Training Institute within 30 days of hiring. The Franchisee is required to pay a monthly fee of \$750.00. This provides an unlimited number of training slots for both Infant/ Toddler and Primary classrooms. Head of school are required to begin and MKU's Head of School, and complete this training within 90 days of date of hire.

11. Children and Staff Uniforms. We are very protective with the image that each Montessori Kids Universe® School presents. For this reason, the teaching staff is required to dress with appropriate uniform items and comply with a strict dress code. Children aged three and up who are in the primary classrooms are required to wear uniforms. For younger children, uniforms are optional at your discretion. Uniforms are available online through our approved supplier.

12. Rent/Security Deposit. Your School Location will require a minimum of 6,000 square feet, with the licensed capacity for 100 to 160 children. It is difficult to estimate lease acquisition costs due to the wide variation in costs between various locations. The estimates assume you will pay one month rent plus a security deposit equal to one or two months prior to opening. The estimated range of costs in this category assumes a leased facility. If you choose to buy or build, you should estimate your expenses and investment range to incorporate the costs of purchasing and construction for your purchase or new building, which will significantly increase your costs.

13. Lease Guarantee Fee. You may request that we provide a one-year guarantee to the lessor of your School Location, guaranteeing payments of rent under your lease. We have sole discretion whether to provide the guarantee or not. If you request this optional service and we agree to exercise our option to provide the guarantee, you shall pay us a one-time Lease Guarantee Fee. This non-refundable Lease Guarantee Fee is optional and the low end of estimated initial investment assumes you do not request this service and the high end of the estimate assumes you pay us \$30,000 as the Lease Guarantee Fee.

14. Pre-Opening Marketing Campaign. We will provide recommendations regarding the marketing and advertising campaign to make your local community aware of your Montessori Kids Universe® location. This will include items such as opening banners, sidewalk signs, local print media, mailers, brochures, ribbon cutting ceremonies and groups to join, such as mom's clubs and local chamber of commerce.

15. ProCare Management Software and License. You are required to purchase ProCare Software School Management System. This system provides management of all family and student data, accounts receivable and payables, tuitions, time and attendance data, security, check-in solutions, employee data, payroll, and many other functions. The amount shown in the chart includes the acquisition of the software, ongoing license for the first three months and training. We recommend you purchase and complete four (4) to six (6) hours of individual tutorials offered by ProCare, the vendor of a software platform and system you will use to manage your School. You should also view ProCare's YouTube videos prior to completing the tutorials. You will pay the then-current rate charged by ProCare, which currently is \$60 to \$70 per hour for training, which is not included in the amounts shown in the chart. You must acquire the ProCare software for each School you operate.

16. Line Leader CRM System. You must acquire this software from our approved supplier, CRM Line Leader, which you will use for managing client interactions, drip marketing to future and current clients, and optimizing and systemizing client relationships. You must acquire this software for each School you operate.

17. Montessori Compass - Record Keeping and Assessment Software. You must acquire this software from our approved vendor, Montessori Compass, which is used to track and assess the academic growth of each student. You must acquire this software for each School and classroom that you operate.

18. Utility Deposits. If you are a new customer of your local utilities, you will generally be required to pay deposits to obtain services, including electric, telephone, high speed Internet service, gas, trash and water. The amount of the deposits will vary depending on the local utilities and service providers. You should contact your local utilities and service providers for more information.

19. Insurance. You must purchase, as a minimum, the following coverage.

- (1) “All risk” property insurance coverage for assets of the School;
- (2) Workers compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires;
- (3) General Liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 total (including coverage for “molestation and abuse”), or higher if your state law requires;
- (4) Business interruption insurance; and
- (5) Cyber security insurance.

You must name Montessori School Franchising, LLC as an additional insured and provide an initial and continuing annual certificate of insurance evidencing this coverage and that we are named as an additional insured. Failure to provide annual documentation of coverage, as well as naming Montessori School Franchising, LLC as additional insured will result in your requirement to cease school operations and the Franchise Agreement being terminated. Factors that may affect your cost of insurance include the size and location of the School Location, value of the leasehold improvements, equipment, supplies, number of employees, the state in which you are operating and that state’s Workers Compensation coverage requirements, as well as other factors. The landlord for your School Location may also have minimum amounts of coverage that exceeds our requirements. The estimates in this table are for one month of insurance payments.

20. Payroll Services. We recommend you employ a payroll service to handle your payroll recordkeeping and filing of all payroll tax required payments and tax report filings.

21. Legal and Accounting. It is recommended that you employ an attorney and an accountant to assist in establishing your franchised business. These fees may vary from location to location depending on the prevailing rates of local attorneys and accountants.

22. Additional Funds. This category estimates your pre-operational expenses that are not listed in other categories, as well as additional funds necessary for the first three (3) months of your Montessori Kids Universe® operations. These figures are estimates and we cannot guaranty that you will not have additional expenses starting the business. Your costs depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic

conditions; the local market for our concept; the prevailing wage rate; competition; and the sales level reached during this initial period.

23. Total. In compiling this chart, the industry knowledge and experience of our co-founders were relied upon. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your facility, the experience and capabilities of your management team, the geographic location of your franchise, as well as business experience and acumen. Neither we nor any of our affiliates offer financing for any part of your initial investment. See Item 10.

B. Multi-Unit Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Development Fee ¹	\$56,250	Lump Sum	When you sign the Development Agreement	Us /MKU
Total Initial Investment for a single Montessori Kids Universe School ²	\$782,208 - \$1,688,958	<i>See Table Above</i>		
Total Estimated Initial Investment³	\$838,458 - \$1,745,208			

Explanatory Notes

1. The Development Fee is non-refundable. This chart shows the estimated initial investment associated with signing a Development Agreement for the right to develop two (2) Montessori Kids Universe® Schools. You may acquire the right to open more Montessori Kids Universe® Schools under the Development Agreement, in which case your Development Fee will be higher.

2. This is the estimated initial investment set forth above that is applicable to your initial Montessori Kids Universe School and minus the Initial Franchise Fee.

3. This chart does not include the initial investment to open each of the Montessori Kids Universe® Schools under a Development Agreement. In compiling this chart, the industry knowledge and experience of our co-founders were relied upon.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to

establishing or operating your School (1) either from us or our affiliates; (2) from suppliers approved by us; or (3) according to our specifications.

Our affiliate, MKUTI is an approved supplier of required Montessori Teacher Training through its Montessori Kids Universe® Training Institute which your Head of School, Lead Teachers and certain other staff are required to successfully complete. There are no alternatives for this training.

As of the date of this Disclosure Document and except as described above, neither we nor any affiliate of ours is an approved supplier or the sole approved supplier for any goods or services you are required to purchase or lease for your School, although we have the right to designate us and our affiliates as approved suppliers or the sole approved suppliers for any goods or services in the future. Our officers own an interest in us and in our affiliate, MKUTI. No officer of ours owns any interest in any other approved suppliers as of the date of this Disclosure Document.

We do not obtain material benefits based on your use of any particular sources or suppliers, nor do we provide material benefits to franchisees based on their purchase of particular products or services or use of designated or approved suppliers.

Required Purchases

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your School Location is subject to our approval and must meet our specifications. You must use our network of real estate brokers to locate your School Location.

B. Insurance. You must have the insurance described in Item 7. We will provide you with a list of approved providers. Montessori School Franchising, LLC must be added as additional insured, with proof of insurance sent to us annually. Failure to maintain insurance will result in the requirement to cease school operations and the termination of your Franchise Agreement.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale (Pro-Care) software and hardware, and related software and hardware that we specify. See Item 11 for details.

D. Signage. Prior to purchase, all signage must be approved by us.

E. Fixtures and Equipment. All fixtures and equipment must meet our specifications and be purchased from approved vendors.

F. Uniforms. You must purchase uniforms for your staff from our approved vendors. The parents or guardians of Students enrolled in your Casa de Bambini classrooms will also be required to purchase required school uniforms for their Students from our approved vendors. The Casa de Bambini classrooms are for Students from ages two and a half (2 ½) to six (6) years of age. The requirement of uniforms for younger Students, not enrolled in the Casa de Bambini classroom, is at your discretion.

G. Marketing Materials. Marketing materials must be purchased through approved vendors or through our online programs.

H. Technology. You must use our approved technology supplier, who will create your School website. Our designated technology supplier will also facilitate your School's website search engine optimization services. All forms of social media, including blog posts, must be approved by us.

Alternative Suppliers

If you would like to use a supplier that is not on our list of approved suppliers, you must request approval in writing. We grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability, inspections, product testing and performance reviews. Our criteria for approving suppliers is not available. We permit you to contract with alternative suppliers who meet our criteria and will provide approval or disapproval of any supplier you propose within thirty (30) days after receipt of your request. If not approved within thirty (30) days, your request is deemed to be disapproved. You must pay all expenses we incur in connection with reviewing and approving any alternative supplier that you propose. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operations Manual, defined in Item 11.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Operations Manual and/or in written directives. We may issue new specifications and standards for any aspect of our System, or modify existing specifications and standards, at any time by revising our Operations Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned Schools, and/or a limited market test in one or more franchised Schools.

As a franchisee you agree to abide by the following specifications and standards:

- * hold one open house per month within the first twelve (12) months of commencement of operations at your School;
- * within 90 days of commencement of operations (and with our approval), initiate a philanthropic endeavor of your choice with which to affiliate;
- * follow our System, which includes Montessori, Da Vinci Kids (Reggio Emilia) and Around The World Summer curriculums;
- * offer in your Montessori Kids Universe® School: yoga, music, foreign language of choice, cooking and gardening; and
- * use all required software approved by us, which may change as we deem necessary. You are responsible for all costs to update any required software.

Revenue to Us and Our Affiliates

As part of your continuing staff training our affiliate, MKUTI, will derive revenue from enrolling your school staff members in Montessori Kids Universe® Training Institutes. In the fiscal year ending December 31, 2024, MKUTI received \$76,250 in revenue in MKUTI Teacher Training Fees. We received \$109,337 in revenue from the Technology Fees, which equaled 5.19% of our total revenue of \$2,105,993. In the fiscal year ending December 31, 2024, we derived \$0 in revenue from designated vendors based on franchisees purchases from those vendors. We may continue to derive revenue based on your and other franchisee purchases.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases of goods and services to operate your Montessori Kids Universe® business that you must make from us or our affiliates and from approved

suppliers are forty percent (40%) to sixty percent (60%) of your total purchases and leases of goods and services to operate your business.

Purchasing

No purchasing or distribution cooperative currently exists. Where possible, we seek to negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Item 9 **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement, Development Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement (unless noted otherwise)	Disclosure Document Item
a. Site selection and acquisition/lease	Section 5	Items 7, 11, and 12
b. Pre-opening purchase/leases	Sections 5, 13 and 15	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 5, 11 and 8	Items 7, 8 and 11
d. Initial and ongoing training	Section 8	Items 6, 7, and 11
e. Opening	Sections 5 and 8	Item 11
f. Fees	Sections 3, 8, 10, 11, 13, 15, 17 and 21; Article 3 of MUDA	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 6, 7, 9, 10, 11, 12 and 13	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Sections 6, 7 and 9; Section 2.E of MUDA	Items 13 and 14
i. Restrictions on products/services offered	Sections 10 and 13	Items 8 and 16
j. Warranty and customer service requirements	Section 13	Item 16
k. Territorial development and sales quotas	Not Applicable; Article 4 of MUDA	Item 12
l. Ongoing product/service purchases	Sections 10 and 13	Items 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 4, 10 and 13	Item 6
n. Insurance	Section 15	Items 6, 7 and 8
o. Advertising	Section 11	Items 6, 7 and 11
p. Indemnification	Section 21; Section 11.B of MUDA	Item 6
q. Owner's participation/management/staffing	Section 13	Item 15
r. Records and reports	Section 12	Item 11
s. Inspections and audits	Sections 6 and 12	Items 6 and 11
t. Transfer	Section 18; Article 8 of MUDA	Items 6 and 17
u. Renewal	Section 4	Item 17
v. Post-termination obligations	Section 17; Section 7.C of MUDA	Item 17
w. Non-competition covenants	Sections 7 and 17; Article 9 of MUDA	Item 17
x. Dispute resolution	Section 23; Article 13 of MUDA	Items 6 and 17

Item 10
FINANCING

We do not offer direct or indirect financing. If you request and we agree to provide, we may provide a one-year guarantee to the lessor of your School Location guaranteeing payments under the lease for one year. We will charge you the Optional Lease Guarantee Fee of \$20,000 to \$30,000 for the guarantee. Otherwise, we do not guarantee your note, lease, or obligation.

Item 11
FRANCHISOR ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

A. Before you open your School we will:

1. Assist you in locating your School Location by referring you to our network of brokers, and providing general assistance in locating the School Location, including assistance in searching for and securing the location, negotiating your lease, preparing the Letter of Intent for your location. (Sections 2.2 and 5.1 of the Franchise Agreement) You will be ultimately responsible for selecting the site for your School Location. We accept no responsibility, nor can we be held liable for the site you choose, or for the lease or purchase of the site at which you choose to locate your School.

2. Once you have selected your School Location, designate your “Protected Territory.” (Section 2.4 of the Franchise Agreement)

3. Provide specifications for improving and equipping the approved School Location, along with a list of required supplies and equipment that you must purchase and install. (Section 5.3 of the Franchise Agreement)

4. Provide an initial training program. This training is described in detail later in this Item. (Section 8.1 of the Franchise Agreement)

5. Provide on-site assistance, continual training and guidance to assist in operating your business. (Section 8.2 of the Franchise Agreement)

6. Lend you one copy of the Montessori Kids Universe® Confidential Operations Manual (the “**Operations Manual**”), which must be kept in a secured location when not in use. At our sole discretion, we may make the Operations Manual, and any updates or revisions thereto, available electronically online or by other means. The Table of Contents along with number of pages devoted to each section, is included as Exhibit E to this Disclosure Document. The number of pages in the Operations Manual totals 404 pages as of the date of this Disclosure Document. (Section 9.1 of the Franchise Agreement)

B. After you open your School, we will:

1. On your reasonable request, provide continual support and offer general guidance to you by telephone, e-mail, newsletters, webinars and other methods. Our guidance is based on our knowledge and experience. We offer you advice and guidance on a variety of business matters, including all systems and operational methods. (Section 14.1 of the Franchise Agreement)

2. Make visits, as we determine, to your School Location, whether announced or unannounced, to provide you with consultation, assistance and continual guidance in various aspects of the operations and management of the School. We will prepare a written report suggesting changes or improvements in the operations of the business and detailing any deficiencies that are observed as a result of a visit. You will be given a specific length of time to correct all deficiencies found. (Section 14.2 of the Franchise Agreement)

3. Make available to your operations assistance and on-going training as we determine. (Section 8 of the Franchise Agreement)

4. Review for our approval all forms of advertising materials or any document using our Marks that you will use for local advertising, grand opening advertising and cooperative advertising. (Section 11 of the Franchise Agreement)

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

6. Make available to you our designated supplier to provide assistance with your website, social media and other electronic media issues. (Sections 11.2 and 11.5 of the Franchise Agreement)

7. We require your assistance in accepting referral phone calls from potential franchise owners who are seeking general knowledge on the MKU franchise model, along with sharing with them your experiences of MKU ownership. This support includes the hosting of potential franchisee's visits to your school. (Section 11.6 of the Franchise Agreement)

C. Advertising and Promotion

1. Our designated technology vendor will provide you support for your School's website by developing, maintaining and updating (as needed) your Montessori Kids Universe® website, creating security patches as we deem are needed, providing search engine optimization services. You will pay us the Technology Fee described in Item 6 for these services. You will also pay for the social media campaigns directly; conducted by your designated supplier, such as Google Ad Words and Facebook. You must invest a minimum of \$1,000 per month for your digital marketing which is paid directly to the provider.

2. You will pay for your ads and promotions directly for any local advertising; however, we will provide you with general marketing guidelines and we or our approved digital marketing supplier must review and approve all advertisements, including your social media and blog posts, prior to their use. We will notify you of our approval or disapproval within seven (7) days from the date all requested materials are received by us. If we do not approve submitted materials by the end of such seven (7) day period, such materials shall be deemed to have not received the required approval and you must re-submit the advertisement. You may not use any marketing or promotional material prior to approval by us.

3. We do not have a System-wide marketing fund and you will not be required to participate in a System-wide marketing fund.

4. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all Montessori Kids Universe® franchises located in a particular region. We have the right to collect and designate all or a portion of the local advertising for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. If cooperative advertising is implemented in a particular region, we may establish an advertising council for franchisees in that region

to self-administer the program. If we establish a cooperative advertising program or programs with or without an advertising council, there are no limits on our right to change, dissolve or merge these program(s) and/or council(s) at any time. (Section 11.4 of the Franchise Agreement)

5. You are restricted from establishing a presence on, or marketing on the Internet without our consent. Distribution of our Marks is strictly prohibited and may result in the termination of your Franchise Agreement. Our website at www.montessorikidsuniverse.com provides information about our Schools and about Montessori Kids Universe® franchises. Our designated technology supplier will be responsible for establishing your web page along with establishing your Internet and social media campaign.

You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Montessori Kids Universe® website. (Section 11.5 of the Franchise Agreement)

D. Computer System and Electronic Systems

You must purchase and use any hardware and software programs we designate. (Section 12.5 of the Franchise Agreement). The estimated initial cost of the hardware and software listed below is between \$10,369 to \$12,959.

Presently, we require you to have the following hardware and software:

- * PC or laptop computer;
- * ProCare Software – most current version;
- * Tuition Express by ProCare for collecting tuition payments via credit card;
- * Line Leader CRM System;
- * Montessori record keeping and assessment software by Montessori Compass;
- * Tablet or I-pad in each classroom;
- * Internal camera system “Watch Me Grow” (for internal training and security use); and
- * Microsoft Office 2010 edition or higher (including Word, Excel and Outlook).

ProCare Software School Management System is a required purchase item (“**ProCare**”). It provides our comprehensive childcare business administrative software system, which manages (and will generate and store data for) all family and Student data, accounts receivable and payables, tuitions, time and attendance data for Students, security, check-in solutions, employee data, payroll, and other functions. It includes software for collecting tuition (“**Tuition Express**”); however, to save fees, we recommend you implement ACH debit through your bank to accept tuition payments. Credit cards may also be used; however, you may want to have a policy in place to include the merchant fee. In addition to ProCare on-line tutorials and general client service, ProCare offers individual training for a fee. We require a minimum of four (4) to five (5) hours of individual training before you commence operations at your School. YouTube tutorials are also required viewing in pre-opening ProCare training.

After you purchase the ProCare software, ProCare has a monthly fee, which is currently \$39. ProCare’s monthly fee may increase. You are not required to engage on-going maintenance contracts or support agreements for the maintenance of your computer system; however, we recommend you do so. You are required to have an automatic computer backup service in order to avoid any loss of information and files that could occur with a computer crash. You may periodically be required to update or upgrade computer hardware and software. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts to be approximately \$500 to \$1,000 annually.

You are required to purchase the Line Leader CRM System software (“**Line Leader**”). This customer relations marketing system will manage your client interactions, dealing with future and current clients, and optimizing and systemizing client relationships. The cost to set up this system is currently \$100 and then Line Leader has a current monthly fee of \$179, which may be increased by Line Leader. It is a requirement that every lead be entered into the Line Leader system. This is a very important component of the drip marketing program; each lead must be entered within the same day as received.

You are required to purchase a student assessment, tracking and record keeping program from our preferred vendor, Montessori Compass (“**Montessori Compass**”) and pay any initial and monthly fees. This software is used to track and assess the academic growth of each Student, interact with parents, send real time updates, etc.

You must acquire a separate license or copy of the ProCare software, Line Leader, the Montessori Compass software, and all other software we require for each Montessori Kids Universe® School you own and operate.

You must acquire an internal camera system; the “**Watch Me Grow**” camera system. This camera system ranges from \$6,500 and \$9,000, depending on the cameras required to cover the size of your School Location. This camera system is only for internal training and security purposes. It is not for use by parents to observe their students. You must provide us with remote access to your Watch Me Grow camera system for training and other internal purposes.

We may introduce new requirements for computer and point-of-sale systems or modify our specifications and requirements. There are no limits on our rights to do so, except as disclosed in Item 16.

We have the right to independently access all information you collect or compile at any time without first notifying you.

E. Methods Used to Select the School Location

Upon the execution of the Franchise Agreement, you will be required to engage with one of our network of commercial real estate brokers to provide you further assistance in locating your School Location, including assistance in searching and securing the location and in negotiating your lease, as well as assistance in preparing the Letter of Intent for your location.

If you have a potential site for the School Location, you may propose the location for our consideration. We may consent to the site you choose after we have evaluated it. If you do not have a proposed site, we will furnish you with our general site selection criteria. Although you must engage our national network of commercial real estate brokers, it is ultimately your responsibility to secure a site for the School. (Section 5.1 of the Franchise Agreement)

We will provide you with general guidelines to assist you in selecting a site suitable for the School Location. Your School must be in a fixed location that is suitable for childcare and preschool and has an area for outdoor play. In the event your Franchise Agreement is terminated, you will not be able to conduct childcare services at the approved School Location you have been operating. We reserve the right to assume the lease, operate the School at the School Location, sell the business and sell the assets.

The general site selection and evaluation criteria or factors that we consider in approving your School Location includes the condition of the premises, demographics of the surrounding area, proximity to other Montessori Kids Universe® businesses, proximity to competitive businesses and lease

requirements. Before you sign a lease for a facility in which to operate, we must provide you with written notice of our approval. We will notify you of our approval or disapproval of any proposed site within a reasonable time (usually thirty (30) days) after receiving all requested information.

If you and we cannot agree on a site, you will be unable to comply with your obligation to develop and open a Montessori Kids Universe® by the deadline stated in the Franchise Agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your Franchise Agreement. (Section 5.1 of the Franchise Agreement)

When you sign each Franchise Agreement under a Development Agreement, you must locate sites for your School Location. We must approve each site and our then-current standards for School Location sites will apply. After you have located a site, you must submit it to us for our review and request us to consider and approve the site. Following receipt of our acceptance of a site, you must negotiate a lease or purchase agreement for the site and submit a copy to us. We will then give you execution copies of our then-current Franchise Agreement for the proposed location. You may not enter into any lease for a site unless and until we have approved the site and the lease in writing.

F. Time for Commencement of Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Montessori Kids Universe® School is twenty-four (24) months. More time may be required due to the search for a real estate location or other factors out of our control. Factors that may affect timing of commencement of operations of your Montessori Kids Universe® include your ability to secure permits, zoning and local ordinances, up-fitting the facility to meet licensing guidelines, weather conditions and delays in installation of equipment and fixtures and obtaining a license to operate.

You must commence operations of your Montessori Kids Universe® within twenty-four (24) months of the date of your Franchise Agreement by conducting the first classroom session with paid attendance, or we may terminate your Franchise Agreement. You must continue to actively promote your Montessori Kids Universe® and conduct regular classroom sessions after you have commenced operations. Your Montessori Kids Universe® School must be opened continuously during normal business hours.

G. Additional Training Information

Training is provided for Owners and Heads of School (Director) prior to the School opening for business (the “**New Owner Training**”). Continual training and support are provided. Upon signing of the Franchise Agreement; training will commence with a welcome call including introduction to Base Camp and Google Docs which lists the necessary steps to open your School. The New Owner Training is mandatory for anyone who has signed a Franchise Agreement and for the designated Head of School. The Head of School must attend and successfully complete the New Owner Training to our satisfaction.

All school personnel who attend training must have signed a nondisclosure agreement (“**NDA**”) in the form we require prior to attendance.

You will begin your New Owner Training after you have acquired rights to your School Location and you have paid your Franchise Fee. The first phase is conducted through our on-line training portal. The next phase of training will be conducted at a designated location prior to your School opening. In order to attend this training, all franchise fees must be paid in full.

We do not charge for the initial New Owner Training; however, you are responsible for all travel and lodging, and meals for yourself and any of your attendees. If the need arises to train additional core

staff after the opening of your School, you will pay our additional training fee, which is currently \$500 per day, plus, all fees relating to transportation, meals, and lodging. In the rare event we send staff to your school for New Owner Training, the fee of \$500 per day will be paid by you, plus all fees relating to transportation, lodging, and meals.

Your Head of School must have satisfactorily completed the New Owner Training program before an approved opening date is granted for the School Location. Three (3) individuals from your School (including owners) may attend the New Owner Training at your option. We expect that your attendees will advance through the training at different rates depending on a variety of factors, including background and experience.

The instructors for the initial New Owner Training program will be experienced staff members and supervised by the Boehms or a designee of the Boehms including Dana Hernandez. Ms. Hernandez began her career in Montessori education in 2009 and has a formal education in Child Development and Human Psychology. Ms. Hernandez adds a unique perspective to the franchisee training based on her experience as an educator and as a school director. In 2021, she designed, and completed the Montessori Kid Universe Training Institute Infant/Toddler Online Training Program. Ms. Hernandez presents webinars regarding teaching methods, our practices, and child development to our heads of schools regularly. In addition to this support, she created the Around the World Summer curriculums for our locations to implement. We also use the assistance of Julie Boehm to train franchisees in our New Owner Training program. Julie Boehm has trainer under the Boehm's for nearly seven years after receiving a bachelor's degree in Business Management. She works with new franchisees in areas such as customer service, day-to-day school operations, and best hiring and retention practices. Our last trainer is Amanda Romano who for the last three years has been assisting franchisees in licensing and the school opening process. Ms. Romano received a bachelor's degree in Sociology and an associate's degree in Business Management. She assists franchisees in the licensing process, the entire opening process and she provides ongoing support for day-to-day operations questions that may arise.

The instruction materials include the Training Manuals, handouts, and other materials. You are responsible for training your employees, teachers, and management personnel. The initial New Owners Training is in addition to the opening assistance we provide to you.

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Owners and Head of School Reading Requirements	4	-	Home Study
Owners and Head of School Remote Conference Call Training	4	-	Your home or office
ProCare/Tuition Express Training	6	-	Coordinated with the ProCare support team
Owners and Head of School: Welcome call	2	-	Your home or office
School Administration Training: Owners and Head of School	60	-	Online Training Platform

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Franchise/School Development Training: Owners and Head of School * 4 days intensive	32	-	Virtual
On-Site Readiness Assessment:	8	4-8	On site at your School Location
TOTALS:	116	4-8	

Our New Owner Training programs are held three (3) or four (4) times per year, or at such other intervals we deem appropriate. In the event you hire a new Head of School, that person will be required to attend the *next scheduled* New Owner Training program and you must pay the then current additional training fee, which is currently \$500 per day.

The training will be virtual. Those in attendance virtually must complete the New Owner Training program to our satisfaction before commencing operations of your School.

A monthly training webinar is presented on a variety of relevant topics of interest. We require all Heads of School (Director) and Owners to attend our monthly webinar trainings. While we have scheduled times when the webinar training sessions are presented, they are also made available online, which may be viewed at later times. You will be deemed in default if webinars are not viewed within thirty (30) days from date the webinar is initially presented.

Owners, Heads of School (Directors) and all Lead Teachers must complete the training through the Montessori Kids Universe® Training Institute with MKUTI. This training must be obtained from our affiliate, MKUTI. Exceptions include those individuals previously trained, holding certification through the American Montessori Society or Association Montessori International. Heads of School (Director) and Lead Teachers must enroll in the Montessori Kids Universe® Training Institute within thirty (30) days of hiring. MKUTI offers different modules of training. The attendees will enroll in the modules relevant to their role in the School. For registration, please go to: www.mkutrainning.com.

There may be additional seminars, national or regional conventions, continuing development programs or other meetings (“**Additional Meetings**”). Some of these are voluntary and your attendance is not required. However, Owners and your Head of School are required to attend any Additional Meetings that are deemed mandatory, not to exceed two (2) per year. If we conduct national conventions, you and your Head of School must attend at least two out of every three years, which may be held at such time and place as we designate in our sole discretion and, when held, counts as one of the mandatory Additional Meetings. We will give you at least thirty (30) days prior written notice of any seminar, convention, program or meeting that is mandatory unless your attendance is waived. We may charge a fee for attendance at these Additional Meetings, which fee will vary, but will not exceed \$1,000 per attendee per Additional Meeting. If you do not attend a mandatory Additional Meeting, unless we agree otherwise, you will be required to pay an amount equal to one hundred fifty percent (150%) of the fee charged to franchisees attending the mandatory Additional Meeting. At our sole option, we may choose to waive all or a portion of the costs of attendance for any attendees or non-attendees of any mandatory Additional Meeting without being obligated to waive any costs for other attendees or non-attendees of the same Additional Meeting. Our waiver of this requirement for any other franchisee does not in any way affect your payment obligation.

Item 12

TERRITORY

You will receive a protected territory based on a radius of three (3) miles from your School's location or encompassing a population of 75,000, whichever is less (the "**Protected Territory**"). A Protected Territory means we and our affiliates will not open or grant another party the right to open a Montessori Kids Universe® School in your Protected Territory. Your Protected Territory radius may overlap with the Protected Territory radius of another school. However, no additional MKU franchise, company or affiliate-owned location will be allowed to operate within the Protected Territory of your School. The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

You will operate your School from the location you choose and that we approve (the "**School Location**"). You must receive our written permission before relocating your School Location. If you can no longer use the School Location facilities due to circumstances beyond your control or fault, including destruction of the facilities, you will be allowed to relocate either permanently or temporarily; provided the relocation is within your Protected Territory and does not violate the Protected Territory rights of another school.

You do not receive the right to acquire additional franchises. To obtain additional franchises, you must meet our qualifications for new franchisees, be in compliance with your existing Franchise Agreement, sign our then-current franchise agreement and pay the then current Initial Franchise Fee.

Although we and our affiliates will not open (or grant someone else the right to open) a Montessori Kids Universe® in your Protected Territory, there is no restriction on you, us, or franchisees from advertising or soliciting students from anywhere, or drawing students from anywhere, including inside your Protected Territory. Similarly, there are no restrictions on you from soliciting or accepting orders from students outside of your Protected Territory, including within the Protected Territory of another school.

We can use any channels of distribution to market (or sell goods or services) in your Protected Territory, whether under the Marks or different trademarks. You do not receive any compensation if we or another franchisee solicit or accept students from inside your Protected Territory. Because your Protected Territory is not an exclusive territory, we make the following statement: You do not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from schools that we own, or from other channels of distribution or competitive brands that we control.

Neither we nor any of our affiliates operate, franchise, or have plans to operate or franchise a business under a different trademark from Montessori Kids Universe®. However, the Franchise Agreement does not prohibit us from doing so.

Under the terms of the Development Agreement, we grant to you the right to establish, according to the Development Schedule, a minimum number of Montessori Kids Universe® Schools within a larger geographical territory (the "**Development Area**"). A Development Area is usually defined by street boundaries, city, county or state limits or by other reasonable boundaries. The number of Montessori Kids Universe® Schools to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You do not have a right of first refusal or similar contractual right to acquire additional Montessori Kids Universe® School franchises in contiguous areas. Except as described below,

we may not establish or franchise any other person or entity to establish Montessori Kids Universe® School using the Marks and System within the Development Area for so long as the Development Agreement is in effect. However, nothing in the Development Agreement prevents, prohibits, or otherwise restricts, at any time, the operation of any Montessori Kids Universe® School in the Development Area which are operated under any existing franchise agreements, or the grant of successor franchise rights related to such existing franchise agreements.

The continuation of your right to your Development Area during the term of the Development Agreement is dependent on meeting the Development Schedule in the Development Agreement. The Development Schedule requires you to open and continuously operate at least a certain number of Montessori Kids Universe® Schools in the Development Area by certain deadlines. Failure to meet this Development Schedule may result in the termination of your development rights. The termination of your Development Agreement solely for a failure to meet the Development Schedule will not terminate or affect your rights or obligations under any Franchise Agreements entered into between you and us prior to the date of termination of the Development Agreement. Each School opened under a Development Agreement is subject to the terms and conditions of the applicable Franchise Agreement for that School as discussed above.

You do not receive an exclusive territory under the Development Agreement.

Item 13 **TRADEMARKS**

The following are the principal Marks that we license to you. The trademarks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Trademark	Registration Date	Registration Number
Montessori Kids Universe	September 9, 2014	4600068
Montessori Kids Universe	August 4, 2018	5539720

We intend to file all required affidavits related to our registered Marks and renew the registrations of these Marks at the appropriate time.

In addition to the registered principal Marks listed above, we also use a number of other unregistered trademarks and service marks, in which we claim common law trademark rights. The following statements apply solely to any of our Marks that have not been registered or that are not on the Principal Register of the USPTO: We do not have a federal registration for our principal trademarks. Therefore, our trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use the any of our trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Under the Franchise Agreement, we grant you the right and license to use the Marks solely in connection with your Montessori Kids Universe® School. You may use the Marks only in the manner authorized and permitted by us and you may not directly or indirectly contest our ownership or rights in the Marks. You cannot use any of the Marks or any portions or variations of them as part of your business name. You cannot use the Marks as part of an electronic address, domain name or on any websites on the Internet, or with modifying words, designs or symbols, except as we may license to you, without our prior written consent, which may be withheld for any reason. You may not use the Marks with an unauthorized

product or service, or in a manner not authorized in writing by us. You must modify or discontinue your use of the Marks if we require the modification or discontinuance of them, at your expense.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings, or material litigation involving any of the Marks, which are relevant to their ownership, use, or licensing. There are no agreements currently in effect that significantly limit our rights to use or license our Marks in any manner material to the franchise. We know of no infringing or prior superior uses that could materially affect the use of our Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any of our Marks, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations.

We have exclusive control over any settlement or proceeding concerning any of our Marks. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

You must modify or discontinue the use of a Mark if we modify or discontinue it upon ten (10) business days' notice. If this happens, the changes in your Montessori Kids Universe® School will be at your expense and we are not required under the Franchise Agreement to reimburse you for your expenses associated with that modification or discontinuance.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

We own copyrights in the Operations Manual, our curriculum, our website, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the franchised business and you must stop using them if we direct you to do so.

You must tell us immediately if you learn about an infringement or challenge to our use of these copyrights. We will take the action that we think is appropriate. You must also agree not to contest our interest in these or our other trade secrets.

If we decide to add, modify or discontinue the use of a material, process or other item covered by a copyright, you must also do so. We have no obligation to reimburse you for any costs associated with your complying with this obligation.

We are not obligated to defend your use of these materials, processes and other items. However, if you use them in accordance with our Operations Manual, we may reimburse you for your damages and reasonable costs incurred in litigation about them from amounts we recover in the litigation in excess of our costs, if any.

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

Confidential Procedures Manuals and Other Information

The Operations Manual and related materials and information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in operating a Montessori Kids Universe® School, are proprietary and confidential. They are our property to be used by you only as described in and during the term of the Franchise Agreement. The Operations Manual and other materials and information that contain the Marks or are otherwise proprietary to us must be returned to us if the Franchise Agreement expires or is terminated for any reason.

You may only use the trade secrets and other confidential information for the purpose of operating your Montessori Kids Universe® School. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate your Montessori Kids Universe® School. You are responsible for enforcing the confidentiality provisions as to your employees.

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

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The School must always be under the direct, full-time, day-to-day supervision of a designated person we call the “**Head of School**,” which may be you or one of your owners, or a third party qualified to serve as the Head of School. We do not require that the Head of School for a business entity hold any equity interest in the entity. The designated Head of School must satisfactorily complete our initial New Owner Training program before opening your Montessori Kids Universe® School. If your trained Head of School leaves your employment, you will have ninety (90) days to hire a new Head of School. The new Head of School will be required to attend our next scheduled New Owner Training.

If you sign a Development Agreement, or otherwise operate more than one Montessori Kids Universe® School, you must designate one Head of School to be responsible for the supervision and management of each School on a full-time basis.

Your Head of School must sign a nondisclosure and non-compete agreement the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

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

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your Montessori Kids Universe® School in conformity with our standards and specifications stated in the Operations Manual, or otherwise in writing. The Operations Manual is described in Items 8 and 11 of this Disclosure Document. You may not deviate from our standards and specifications without our prior written consent. You may provide other goods and services only with our written approval. We have the right to change the types of authorized services, and there are no limits on our right to make changes. You must offer and sell all goods and services that we authorize.

Without our prior consent, which consent may be withheld for any reason, you cannot operate or engage in any other type of business or profession from or through your Montessori Kids Universe® School. Further, without our prior consent, which consent may be withheld for any reason, you cannot at any location (1) engage in another business that is the same as, or similar to, a Montessori Kids Universe® School; or (2) offer, conduct, or participate in (except as a student or client) any educational programs or sessions other than the Montessori Kids Universe® programs. If you wish to offer additional services at your School Location on evenings or weekends, such as music, dance, karate, or educational tutoring, you must obtain our prior approval, which may be withheld for any reason.

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may advertise and charge for products and services offered by your Montessori Kids Universe® School. If we establish a maximum price for any products or services, you shall not offer or sell those products or services at any greater price. If we establish a minimum price for any products or services, you shall not offer or sell those products or services at any lesser price. If we do not establish pricing limits, we may establish suggested prices. You must abide by our advertising policies related to advertising prices.

Without our written approval, you are not allowed to operate your Montessori Kids Universe® outside of your School Location.

You are required to comply with all agreements with third parties related to your Montessori Kids Universe® School, including all provisions of any lease or agreement related to your School Location.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Development Agreement	Summary
a. Length of franchise term	Section 4.1 of Franchise Agreement ("FA"); Article 4 of Multi-Unit Development Agreement ("MUDA")	Fifteen (15) years from the date of opening your School. The cost for renewal will be at 1/3 of the franchise fee that is offered at the time of renewal. The term extends until the earlier of the date that you sign the Franchise Agreement for the final School to be developed under the Development Agreement or the deadline in the Development Schedule for signing that Franchise Agreement.
b. Renewal or extension of the term	Section 4.2 of FA	Option to renew for one (1) additional term of fifteen (15) years. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the term of your Franchise Agreement.
c. Requirements for you to renew or extend	Section 4.2 of FA	You may acquire a successor franchise if you: have fully complied with the provisions of the Franchise Agreement; have the right to maintain possession of the approved School Location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign a then-current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; comply with current training requirements; pay a Successor Franchise Fee equal to fifty percent (50%) of the then-current Initial Franchise Fee; and sign a general release in a form the same as or similar to the General Release attached to this Disclosure Document.
d. Termination by you	Section 16.1 of FA	You may terminate the Franchise Agreement if you are currently in compliance and we materially breach the Franchise Agreement and we fail to begin to cure our breach within ninety (90) days of receiving your written notice. However, your current School Location will not be able to continue its use of the Marks or use of our System in the rebranding of the school. You agree not to use the term "Montessori" in the school re-branding.

Provision	Section in Franchise or Development Agreement	Summary
e. Termination by us without cause	None	
f. Termination by us with cause	Section 16.2 of FA	We may terminate the Franchise Agreement if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
	Section 7.B of MUDA	We have the right to terminate if you commit any of several violations (see (g) and (h) below).
g. "Cause" defined--curable defaults	Section 16.2 of FA	You can avoid termination of the Franchise Agreement if you cure the default within the following times of receiving our notice of default: five (5) days for failure to make payments due to us; ten (10) days for failure to maintain insurance; and twenty (20) days for all other curable defaults. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
	Section 7.B of MUDA	You have 30 days to cure any breach, including failure to meet the Development Schedule.
h. "Cause" defined--non-curable defaults	Section 16.2 of FA	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select a School Location for or begin operations of your Montessori Kids Universe® School; fail to have your Head of School satisfactorily complete the New Owner Training; made a material misrepresentation or omission in the application for the franchise; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised business; fail to maintain required insurance for your School; and name Montessori School Franchising, LLC as additional insured; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of us or the System; improper use of the Operations Manual and other confidential information; fail to obtain nondisclosure and non-competition agreements from your owners, officers, directors, and others or provide copies to us; abandonment; improper transfers; fail to maintain a Head of School for your Montessori Kids Universe® School following your death or disability; fail to submit reports that understate amounts due by more than three percent (3%); are adjudicated bankrupt; misuse of the Marks; fail to submit reports or records or to pay any fees due us or any affiliate; operate your Montessori Kids Universe® School in a manner creating a health or safety hazard to Students, employees or the public;

Provision	Section in Franchise or Development Agreement	Summary
h. “Cause” defined--non-curable defaults (Cont.)	Section 16.2 of FA Section 7.B of MUDA	take any action reserved to us; fail to comply with applicable law after notice; breach the Franchise Agreement or fail to comply with specifications on two (2) or more occasions within any twelve (12) months; default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate. A termination of an underlying Franchise Agreement or other related agreements.
i. Your obligations on termination/non-renewal	Section 17.1 and 17.2 of FA Sections 7.C, D and F of MUDA	Stop operating the School; stop using any trade secrets, confidential information, the System and the Marks; stop using the word Montessori; if we request; assign your interest in the School Location to us; assign your lease to Montessori School Franchising, LLC; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual and other confidential information; assign your telephone and facsimile numbers to us; and comply with the covenants not to compete and other surviving provisions of the Franchise Agreement. You will have no further rights to develop Schools and must satisfy the obligations under the Franchise Agreements that survive expiration or termination of the Development Agreement.
j. Assignment of contract by us	Section 18.1 of FA Section 8.A of MUDA	No restrictions on our right to assign our interest in the Franchise Agreement. There are no restrictions on our right to assign.
k. “Transfer” by you - defined	Section 18.2 of FA Section 8.B of MUDA	“Transfer” includes transfer of an interest in the School, the Franchise Agreement, the School Location or the franchised business’ assets. “Transfer” includes transfer of development rights.
l. Our approval of transfer by you	Section 18.2 of FA Section 8.B of MUDA	No transfer without our approval. No transfer without our approval.

Provision	Section in Franchise or Development Agreement	Summary
m. Conditions for our approval of transfer	Section 18.2 of FA Sections 8.B, C and D of MUDA	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to this Disclosure Document; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay the Transfer Fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement; the transferee has agreed that its Head of School will complete the initial New Owner Training program before assuming management of the School; and the transferee has obtained all necessary types of insurance. Development Rights Transfer Fee paid; concurrent transfer of underlying Franchise Agreements.
n. Our right of first refusal to acquire your business	Section 19 of FA	We may match an offer for your School or an ownership interest you propose to sell.
o. Our option to purchase your business	Section 17.4 of FA	During the thirty (30) day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the School for fair market value.
p. Your death or disability	Section 18.6 of FA	Franchise must be transferred, subject to the terms of the Franchise Agreement, to an approved buyer within ninety (90) days of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 7.3 of FA	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or Student of your Montessori Kids Universe® School to a competitive business or causing injury or prejudice to the Marks or the System; or owning or working for a competitive business.

Provision	Section in Franchise or Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2 of FA Article 9 of MUDA	For two (2) years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a competitive business operating within a 25 mile radius of the School Location or within the Protected Territory (whichever is greater), or within 25 miles of any other Montessori Kids Universe® School; or soliciting or influencing any of our clients, business associates to compete with us or terminate their relationship with us. You are subject to all restrictive covenants as set forth in any Franchise Agreement executed pursuant to the MUDA and in any Nondisclosure and Noncompetition Agreements executed in conjunction with a Franchise Agreement.
s. Modification of the agreement	Sections 10.2, 22.7 and 22.8 of FA Article 9 of MUDA	The Franchise Agreement can be modified only by written agreement between you and us (subject to state law). We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights. No modification unless by mutual written agreement.
t. Integration/merger clause	Section 22.7 of FA Section 12.E of MUDA	Only the terms of the Franchise Agreement are binding (subject to state law). Only the terms of the MUDA are binding. Any representations or promises outside of this Disclosure Document and the Franchise Agreement or MUDA may not be enforceable.
u. Dispute resolution by arbitration or mediation.	Section 23.7 of FA Section 13.B of MUDA	Except for claims relating to the Marks, confidential information, trade secrets and covenants not to compete, and claims of non-payment by us against you, all disputes must be mediated first then arbitrated in Florida. The MUDA incorporates the dispute resolution provisions of the last Franchise Agreement you executed pursuant to the MUDA.
v. Choice of forum	Section 23.2 of FA Section 13.B of MUDA	Mediation and arbitration or litigation must be in Palm Beach County, Florida, subject to applicable state law. Mediation and Arbitration or litigation must be in Palm Beach County, Florida, subject to applicable state law.
w. Choice of law	Section 23.1 of FA Section 13 of MUDA	Except for federal law, Florida law applies, subject to applicable state law. Except for federal law, Florida law applies subject to applicable state law.

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Montessori School Franchising LLC is, at this, time the only known organization which offers for sale worldwide, a premier Montessori learning based franchise opportunity.

Below is the historic high, low, average and median Gross Revenue information for 2022, 2023 and 2024. In Table I below we are reporting the Gross Revenues from thirteen (13) franchised locations that were open for all of calendar year 2022. In the "Highest Gross Revenue" category listed below, one (1) franchised location, or 7.0%, of the total thirteen (13) franchised locations attained the result shown. In the "Lowest Gross Revenue" category listed below, all thirteen (13) franchised locations, or 100%, attained or surpassed the result shown.

Table I

	Annual Gross Revenue in Calendar Year 2022	% of Franchised Locations that Attained or Surpassed the Result Shown	Years or Average Years in Operation
Highest Gross Revenue	\$1,850,647	7.0%	5.25 Years
Lowest Gross Revenue	\$444,840	100.0%	4.7 Years
Average Gross Revenue	\$1,051,856	81.0%	Avg. of 4.28 Years
Median Gross Revenue	\$1,169,172	14.0%	3.66 Years

In Table II below we are reporting the Gross Revenue information from sixteen (16) franchised locations that were open for all of calendar year 2023. In the "Highest Gross Revenue" category listed below, one (1) franchised location, or approximately 7.0%, of the total sixteen (16) franchised locations attained the result shown. In the "Lowest Gross Revenue" category listed below, all sixteen (16) franchised locations, or 100%, attained or surpassed the result shown.

Table II

	Annual Gross Revenue in Calendar Year 2023	% of Franchised Locations that Attained or Surpassed the Result Shown	Years or Average Years in Operation
Highest Gross Revenue	\$2,073,976	7.0%	1.5 Years
Lowest Gross Revenue	\$333,951	100.0%	4.7 Years
Average Gross Revenue	\$1,387,538	81.0%	Avg. of 4.28 Years
Median Gross Revenue	\$1,169,172	36.0%	3.66 Years

In Table III below we are reporting the Gross Revenue information from sixteen (16) franchised locations that were open for all of calendar year 2024. In the “Highest Gross Revenue” category listed below, one (1) franchised location, or approximately 5.2%, of the total sixteen (16) franchised locations attained the result shown. In the “Lowest Gross Revenue” category listed below, all sixteen (16) franchised locations, or 100%, attained or surpassed the result shown.

Table III

	Annual Gross Revenue in Calendar Year 2024	% of Franchised Locations that Attained or Surpassed the Result Shown	Years or Average Years in Operation
Highest Gross Revenue	\$2,035,829	5.2%	2.5 Years
Lowest Gross Revenue	\$769,976	100%	5.6 Years
Average Gross Revenue	\$1,302,020	58.0%	Avg. of 3.8 Years
Median Gross Revenue	\$1,426,332	47.3%	4.66 Years

Gross Revenue is generated by the school’s monthly tuition and ancillary fees. These vary greatly by their geographical location and the age of the students. The average full-time tuition of franchised schools in Texas is \$1,200 to \$1,400 per month. The average full-time tuition of franchised schools in Virginia is \$1,600 to \$2,300 per month. The average full-time tuition of franchised schools in the Northeast is \$2,200 to \$2,800 per month.

The school with the highest annual Gross Revenues in 2024 has a licensed capacity *of greater than 100 students* and has been in operation for over five (5) years. New student enrollments have averaged 8 to 10 children per month from day of opening. The school with the lowest annual gross revenue in 2024 has been in operation for 5.6 years.

In Table IV we are reporting the EBIT (earnings before interest and taxes) from thirteen (13) franchised locations that were open for all of calendar year 2022.

Table IV

	EBIT %	Number of Franchisees that Attained the Result Shown
Highest EBIT %	54%	1/13
Lowest EBIT %	18%	13/13
Average Gross Revenue	26%	4/13
Median Gross Revenue	23%	7/13

In Table V we are reporting the EBIT (earnings before interest and taxes) from sixteen (16) franchised locations that were open for all of calendar year 2023.

Table V

	EBIT %	Number of Franchisees that Attained the Result Shown
Highest EBIT %	28%	2/14
Lowest EBIT %	9%	14/14
Average Gross Revenue	19%	7/14
Median Gross Revenue	18%	8/14

In Table VI we are reporting the EBIT (earnings before interest and taxes) from sixteen (16) franchised locations that were open for all of calendar year 2024.

Table VI

	EBIT %	Number of Franchisees that Attained the Result Shown
Highest EBIT %	32%	1/16
Lowest EBIT %	12%	16/16
Average Gross Revenue	20.1%	9/16
Median Gross Revenue	18%	8/16

Some franchised locations have generated this annual amount of revenue. Your individual results may differ. There is no assurance that you will generate as much revenue.

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

Other than the preceding financial performance representation, Montessori School Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Thomas Boehm at 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418 or at (561) 339-9121, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
System-wide Outlet Summary
For years 2022 to 2024⁽¹⁾

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised				
	2022	12	16	+4
	2023	16	19	+3
	2024	19	19	0
Company-Owned				
	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets				
	2022	12	16	+4
	2023	16	19	+3
	2024	19	19	0

⁽¹⁾ Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Texas	2022	0
	2023	1
	2024	0
Total		
	2022	0
	2023	1
	2024	0

⁽¹⁾ Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For years 2021 to 2023⁽¹⁾

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termi- nations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Illinois	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Massachusetts	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Jersey	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termi- nations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Ohio	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas								
	2022	4	2	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	1	2	0	0	0	6
Virginia								
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	1	0	0	0	3
Total								
	2022	12	4	0	0	0	0	16
	2023	16	3	0	0	0	0	19
	2024	19	3	3	0	0	0	19

(1) Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets
For years 2022 to 2024⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Florida							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

(1) Each year period begins on January 1 and ends on December 31.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	1	0	0
Connecticut	1	0	0
Florida	4	2	1
Georgia	1	1	0
Illinois	2	2	0
Kentucky	1	1	0
Massachusetts	2	2	0
New Jersey	1	1	0
North Carolina	2	0	0
Ohio	2	3	0
Pennsylvania	1	0	0
South Carolina	1	1	0
Tennessee	1	0	0
Texas	5	1	0
Virginia	1	1	0
Washington	1	2	0
Totals	27	17	1

Current and Former Franchisees

Exhibit G to this Disclosure Document contains the names of all current operational franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Exhibit H to this Disclosure Document contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within ten (10) weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the franchise. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. During the last three (3) fiscal years we have had franchisees sign confidentiality clauses that would restrict their ability to speak openly about their experiences with us.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2022, December 31, 2023 and December 31, 2024 dated May 9, 2025 are attached to this Disclosure Document as Exhibit F. Our fiscal year end is December 31st.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- | | |
|------------|--|
| Exhibit A. | Franchise Agreement
Attachment 1 - Nondisclosure and Non-Competition Agreement
Attachment 2 - Unlimited Guaranty and Assumption of Obligations |
| Exhibit B. | Multi-Unit Development Agreement |
| Exhibit C. | Conditional Assignment of Lease. |
| Exhibit K. | Franchisee Questionnaire |

Item 23
RECEIPTS

The last two pages of this Disclosure Document are receipt pages. Please sign and date each of them as of the date you received this Disclosure Document, detach the second receipt page, and promptly return it to us as specified on that page.

**EXHIBIT A
(TO DISCLOSURE DOCUMENT)**



MONTESSORI SCHOOL FRANCHISING LLC

FRANCHISE AGREEMENT

Franchisee: _____

Effective Date: _____

Territory: _____

MONTESSORI SCHOOL FRANCHISING LLC

FRANCHISE AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS	1
2. GRANT OF FRANCHISE; ACCEPTED LOCATION.....	4
2.1 Grant	4
2.2 Accepted Location	4
2.3 Accepted Location Not Determined; Target Area	5
2.4 Territory	5
2.5 Approved Relocation	5
2.6 Sub-franchising/Agents.....	6
2.7 MSF’s Rights	6
2.8 Marketing and Solicitation Restrictions.....	6
3. FEES	7
3.1 Initial Franchise Fee.....	7
3.2 Royalty Fee	7
3.3 Electronic Transfer.....	7
3.4 Late Fees; Interest	7
3.5 Non-Compliance Fee	7
3.6 Application of Payments.....	8
4. TERM AND RENEWAL	8
4.1 Initial Term	8
4.2 Renewal Terms	8
5. ACCEPTED LOCATION.....	9
5.1 Selection of Site	9
5.2 Lease of Accepted Location.....	9
5.3 Development of Franchised Business Facility.....	11
5.4 Opening.....	11
5.5 Opening Deadline	12
5.6 Use of Accepted Location.....	12
5.7 Relocation	12
6. PROPRIETARY MARKS	12
6.1 Ownership	12
6.2 Limitations on Use.....	13
6.3 Notification of Infringements and Claims	13
6.4 Indemnification for Use of Marks.....	13
6.5 Discontinuance of Use	14
6.6 Right to Inspect.....	14
6.7 MSF’s Sole Right to Domain Name	14
7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION.....	14
7.1 Confidentiality of Trade Secrets and Other Confidential Information	14
7.2 Additional Developments	15
7.3 Exclusive Relationship.....	15

7.4	Nondisclosure and/or Non-Solicitation Agreements with Certain Individuals	16
7.5	Reasonableness of Restrictions	16
7.6	Customer Data	16
8.	TRAINING AND ASSISTANCE	16
8.1	Initial New Owner Training.....	16
8.2	Operations Assistance	17
8.3	Failure to Complete Initial New Owner Training Program	17
8.4	Replacement Head of School.....	17
8.5	New Core Staff Training.....	18
8.6	On-going Training	18
8.7	Teacher Training.....	18
9.	CONFIDENTIAL OPERATIONS MANUAL	19
9.1	Loan by MSF	19
9.2	Revisions.....	19
9.3	Confidentiality	19
10.	FRANCHISE SYSTEM.....	20
10.1	Uniformity.....	20
10.2	Modification of the System.....	20
10.3	Variance	20
11.	ADVERTISING AND PROMOTIONAL ACTIVITIES	20
11.1	Grand Opening Advertising.....	20
11.2	Local Advertising.....	21
11.3	National Advertising.....	21
11.4	Cooperative Advertising	21
11.5	Digital Marketing; Internet Advertising	22
11.6	Promotion of Franchise System Growth.....	22
12.	ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS	23
12.1	Records	23
12.2	Gross Revenue Reports.....	23
12.3	Financial Statements	23
12.4	Other Reports	24
12.5	Computer Equipment.....	24
12.6	Right to Inspect	25
12.7	Release of Records.....	25
13.	STANDARDS OF OPERATION	25
13.1	Authorized Products, Services and Suppliers	25
13.2	Appearance and Condition of the Franchised Business.....	26
13.3	Ownership and Management	26
13.4	Days of Operation	27
13.5	Contributions and Donations	27
13.6	Licenses and Permits.....	27
13.7	Report of Significant Issues	27
13.8	Report of Inspections, Investigations, and Legal Actions	27
13.9	Compliance with Good Business Practices.....	28
13.10	Uniforms	28
13.11	Employees.....	28
13.12	Contact Authorization	28

13.13	Best Efforts	29
14.	FRANCHISOR’S ADDITIONAL OPERATIONS ASSISTANCE.....	29
14.1	General Advice and Guidance	29
14.2	Periodic Visits	29
15.	INSURANCE.....	29
15.1	Types and Amounts of Coverage.....	29
15.2	Future Increases	30
15.3	Carrier Standards	30
15.4	Evidence of Coverage	30
15.5	Failure to Maintain Coverage	30
16.	DEFAULT AND TERMINATION	30
16.1	Termination by Franchisee	30
16.2	Termination by MSF	31
16.3	Reinstatement and Extension.....	33
16.4	Right of MSF to Discontinue Services to Franchisee	33
16.5	Right of MSF to Operate Franchised Business.....	33
17.	RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION	33
17.1	Actions to be Taken	33
17.2	Post-Termination Covenant Not to Compete.....	34
17.3	Unfair Competition	35
17.4	MSF’s Option to Purchase Certain Business Assets	35
17.5	Survival of Certain Provisions	36
18.	TRANSFERABILITY OF INTEREST	36
18.1	Transfer by MSF	36
18.2	Transfer by Franchisee to a Third Party	36
18.3	Transfer to a Controlled Entity	37
18.4	MSF’s Disclosure to Transferee	38
18.5	For-Sale Advertising.....	38
18.6	Transfer by Death or Incapacity	38
19.	RIGHT OF FIRST REFUSAL	39
19.1	Submission of Offer.....	39
19.2	MSF’s Right to Purchase	39
19.3	Non-Exercise of Right of First Refusal	39
19.4	Sales or Transfers to Family Excepted	40
20.	BENEFICIAL OWNERS OF FRANCHISEE	40
21.	RELATIONSHIP AND INDEMNIFICATION.....	40
21.1	Relationship	40
21.2	Standard of Care	40
21.3	Indemnification	40
21.4	Right to Retain Counsel.....	41
21.5	Exercise of Rights	41
22.	GENERAL CONDITIONS AND PROVISIONS.....	41
22.1	No Waiver	41
22.2	Injunctive Relief.....	42
22.3	Notices	42
22.4	Cost of Enforcement or Defense.....	42
22.5	Unlimited Guaranty and Assumption of Obligations	42

22.6	Approvals.....	42
22.7	Entire Agreement.....	43
22.8	Severability and Modification.....	43
22.9	Construction.....	43
22.10	Force Majeure	43
22.11	Timing.....	44
22.12	Withholding Payments.....	44
22.13	Further Assurances.....	44
22.14	Third-Party Beneficiaries.....	44
23.	DISPUTE RESOLUTION.....	44
23.1	Choice of Law.....	44
23.2	Consent to Jurisdiction.....	44
23.3	Cumulative Rights and Remedies	44
23.4	Limitation of Damages	45
23.5	Liquidated Damages	45
23.6	Waiver of Jury Trial.....	45
23.7	Mediation; Arbitration	45
24.	ACKNOWLEDGMENTS.....	47
24.1	Receipt of this Agreement and the Franchise Disclosure Document	47
24.2	Consultation by Franchisee.....	47
24.3	True and Accurate Information.....	47
24.4	Risk	48
24.5	No Guarantee of Success; No Representations.....	48
24.6	No Violation of Other Agreements.....	48
24.7	Severability	48
24.8	Joint and Several Liability	48
24.9	No Offer and Acceptance.....	48
24.10	Release of Prior Claims	48

MONTESSORI SCHOOL FRANCHISING LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is made as of the effective date set forth on the cover page hereof between **MONTESSORI SCHOOL FRANCHISING LLC**, d/b/a Montessori Kids Universe, a Florida limited liability company located at 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418 (“**MSF**”) and _____ (“**Franchisee**”).

RECITALS:

WHEREAS, MSF has developed, and is in the process of further developing, a System identified by the trademark **MONTESSORI KIDS UNIVERSE®** and certain other Marks, and relating to the establishment and operation of a business that provides daycare and preschool education services (a “**Montessori Kids Universe® School**” or collectively, “**Montessori Kids Universe® Schools**”); and

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

WHEREAS, MSF grants to qualified persons and business entities the right to own and operate a Montessori Kids Universe® School using the System and the Marks; and

WHEREAS, Franchisee desires to operate a Montessori Kids Universe® School, has applied for the Franchise and such application has been approved by MSF in reliance upon all of the representations made herein and therein; and

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

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

1. DEFINITIONS

In addition to terms defined elsewhere in this Agreement, whenever used in this Agreement, the following words and terms have the following meanings:

“Accepted Location” means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by MSF, as set forth on the Addendum.

“Addendum” means the Addendum to the Montessori School Franchising LLC Franchise Agreement, located immediately following the signature page of this Agreement;

“Additional Meetings” has the meaning given to such term in Section 8.6;

“Affiliate” means any business entity that controls, is controlled by, or is under common control with MSF;

“Agreement” means this agreement entitled “Montessori School Franchising LLC Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Approved Supplier(s)” is defined in Section 13.1;

“Competitive Business” means any business that offers or provides (or grants franchises or licenses) to others to operate a business that offers or provides education and tutoring the same as or similar to those provided by Montessori Kids Universe® Schools or in which Trade Secrets or other Confidential Information could be used to the disadvantage of MSF, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to: (a) any business operated by Franchisee under a Franchise Agreement with MSF, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

“Confidential Information” means technical and non-technical information used in or related to Montessori Kids Universe® Schools and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by MSF;

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

“Cooperative Advertising” means the combined advertising program that MSF may establish and require of two (2) or more Montessori Kids Universe® Schools operating within a common market;

“Effective Date” means the date on which MSF and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

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

“Franchise” means the right granted to Franchisee by MSF to use the System and the Marks;

“Franchised Business” means the Montessori Kids Universe® School to be established and operated by Franchisee pursuant to this Agreement;

“Franchised Business Facility” means building and premises of the Franchised Business to be located at the Accepted Location;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph and shown on the signature page of this Agreement;

“Generally Accepted Accounting Principles” or “GAAP” means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

“Grand Opening Advertising” has the meaning given to such term in Section 11.1;

“Gross Revenue” means the aggregate of all revenue collected from all sources in connection with the Franchised Business, including all revenues collected by Franchisee or an Affiliate of Franchisee and derived from all early morning or afterschool activities and services conducted at the Franchised Business Facility, whether for check, cash, credit or otherwise including, without limitation. Gross Revenues can only be adjusted from refunds the Franchisee provides under “dis-enrollment” conditions. All proceeds from any business interruption insurance, but excluding any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto.

“Gross Revenue Reports” has the meaning given to such term in Section 12.2;

“Head of School” means the individual designated by Franchisee as having primary responsibility for managing the daily affairs of the Franchised Business.

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

“Initial Franchise Fee” has the meaning given to such term in Section 3.1;

“Lead Teachers” mean the primary teachers or instructors in each classroom of a Montessori Kids Universe® School;

“Local Advertising” has the meaning given to such term in Section 11.2;

“Marks” means the trade name or trademark “MONTESSORI KIDS UNIVERSE®” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as MSF may designate to be used in connection with Montessori Kids Universe® Schools;

“Montessori Kids Universe® School” or “Montessori Kids Universe® Schools” have the meanings given to such terms in the first paragraph of the Recitals;

“MSF” means Montessori School Franchising LLC the party granting the franchise under this Agreement;

“MSF Indemnities” has the meaning given to such term in Section 21.3;

“Operations Manuals” means the confidential Montessori Kids Universe® Operations Manuals, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by MSF from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, MSF;

“Primary Owner” shall be the person named as such in the Addendum;

“Royalty Fee” has the meaning given to such term in Section 3.2;

“System” means the uniform standards, methods, procedures and specifications developed by MSF and as may be added to, changed, modified, withdrawn or otherwise revised by MSF for the operation of Montessori Kids Universe® Schools;

“Target Area” means the area set forth in the Addendum within with the Accepted Location shall be located;

“Territory” has the meaning given to such term in Section 2.4;

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

Other terms are defined in the body of the Franchise Agreement below.

2. GRANT OF FRANCHISE; ACCEPTED LOCATION

2.1 Grant.

MSF hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) Montessori Kids Universe® School using the System and Marks at the Accepted Location for the entire term of this Agreement. Franchisee accepts the obligation to develop and operate the Franchised Business for the entire term of this Agreement.

2.2 Accepted Location.

The selection and the securing of sites for all MKU schools will be coordinated through MKU’s Director of Real Estate who shall also assist you with identifying a suitable site, such as research and analysis of area demographics, competitive childcare centers in the area, and negotiation and preparation of a Non-Binding Letter of Intent (LOI). The street address of the Accepted Location for the facility for the operation of the Franchised Business Facility is set forth in the Addendum.

Franchisee acknowledges and agrees that the Accepted Location will be a specific numbered street address at which the Franchised Business will be physically located. The Accepted Location cannot and will not under any circumstances be defined as a geographic area or be described in terms other than a specific numbered street address. During the term of this Agreement, neither Franchisee nor Franchisee’s successors and assigns shall use the Accepted Location for any purpose other than operating a Montessori Kids Universe® School. MSF will assist in reviewing, researching, and recommending locations for your Franchise Business. **The ultimate responsibility for the site selection, and securing a lease, or in the case of building your own school, is the total responsibility of Franchisee.**

Our assistance and approval of a physical location for the Franchised Business is not a representation, promise or warranty that the Franchised Business operated at the Accepted Location will be successful, achieve a certain enrollment level or certain level of profitability. Our approval only indicates our willingness to permit you to operate a Franchised Business at that site. MSF cannot be held responsible, if for any reason the site turns out to not be successful.

2.3 Accepted Location Not Determined; Target Area.

If the Accepted Location of the Franchised Business Facility is not determined as of the Effective Date, then Franchisee shall select and submit possible sites for MSF's evaluation and approval within the nonexclusive Target Area set forth in the Addendum, which MSF shall have the right to approve or disapprove in accordance with the terms set forth in this Agreement. If the Addendum lists only a Target Area and not the Accepted Location, then once the Accepted Location is determined and approved by MSF, the Accepted Location and Opening Date Supplement to Addendum attached to the Addendum will be executed by MSF and Franchisee.

2.4 Territory.

2.4.1 Once the Accepted Location is determined, Franchisee will receive a protected territory based on a radius of three (3) miles from the Accepted Location or encompass a population of 75,000, whichever is less (the "**Territory**"). Franchisee's Territory shall be designated in Attachment 4 of this Agreement. A Territory means an area in which MSF will not open or grant someone else the right to open a Montessori Kids Universe® School. Franchisee's Territory may overlap with the Territory of another Montessori Kids Universe® School, however, no additional Montessori Kids Universe® School will be allowed to operate within the Territory.

2.4.2 If the Accepted Location is not designated on the date of execution of this Agreement, then once the Accepted Location is determined Franchisee hereby authorizes MSF to determine the Territory in accordance with this Section 2.4 and to insert a map and/or description of the Territory on Attachment 4.

2.4.3 Although MSF will not open (or grant someone else the right to open) a Montessori Kids Universe® School in Franchisee's Territory, there are no restrictions for any franchisees, MSF or its Affiliates from advertising or soliciting students from anywhere, or drawing students from anywhere, including inside Franchisee's Territory. MSF can use any channels of distribution to market (or sell goods or services) in the Territory, whether under the Marks or different trademarks.

Franchisee acknowledges that it does not receive any compensation if MSF or another franchisee solicits or accepts students from inside the Territory. There are no restrictions on Franchisee from soliciting or accepting students outside of the Territory, including within the territory of another Montessori Kids Universe® School.

Franchisee will operate the Franchised Business within the designated Territory.

2.4.4 Franchisee's rights in the Territory are subject to MSF's rights articulated in Section 2.7.

2.5 Approved Relocation.

Once the Accepted Location is approved by MSF, Franchisee shall not relocate the Franchised Business Facility without the prior written consent of MSF. In that event, Franchisee shall select and submit possible sites for MSF's evaluation. Subject to Section 5.7, MSF shall not unreasonably withhold its approval.

2.6 Sub-franchising/Agents.

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

2.7 MSF's Rights.

MSF expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.7.1 establish, own or operate, and license others to establish, own or operate, Montessori Kids Universe® Schools outside of the Territory, as MSF deems appropriate;

2.7.2 establish, own or operate, and license others to establish, own or operate other businesses under other systems using trademarks other than the Marks, at locations inside and outside of the Territory;

2.7.3 purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Territory. If MSF purchases or acquires franchises or licenses, MSF may, in its sole discretion, act as franchisor or licensor with respect to such franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between MSF and such franchisee(s) or licensee(s). If MSF purchases or acquires such businesses within the Territory which are not franchised or licensed, MSF may, in its sole discretion:

2.7.3.1 offer to sell any such businesses to Franchisee or to any third party at the business's fair market value to be operated as a Montessori Kids Universe® School; or

2.7.3.2 offer Franchisee the opportunity to operate such business(s) in partnership with MSF (or an Affiliate) under the business(s) existing trade name or a different trade name.

2.7.4 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory;

2.7.5 provide the services and sell the products authorized for Montessori Kids Universe® Schools using the Marks or other trademarks, through an alternate channel of distribution on such terms and conditions as MSF deems appropriate; and

2.7.6 engage in any activities not expressly forbidden by this Agreement.

2.8 Marketing and Solicitation Restrictions.

There are no restrictions on Franchisee, MSF, or other franchisees from advertising or soliciting students from anywhere, or drawing students from anywhere, including inside Franchisee's Territory. MSF can use any channels of distribution to market (or sell goods or services) in the Territory, whether under the Marks or different trademarks. Franchisee does not receive any compensation if MSF or another franchisee solicits or accepts students from inside the Territory. There are no restrictions on Franchisee from soliciting or accepting orders from students outside of the Territory, including within the territory of another Montessori Kids Universe® School.

3. FEES

3.1 **Initial Franchise Fee.**

3.1.1 Franchisee agrees to pay to MSF an initial franchise fee (“**Initial Franchise Fee**”) in the amount and in the manner set forth in the Addendum.

3.1.2 The Initial Franchise Fee shall be deemed fully earned upon payment and is nonrefundable under any circumstance.

3.2 **Royalty Fee.**

Franchisee shall pay a monthly royalty fee (“**Royalty Fee**”) equal to seven percent (7%) of Gross Revenue. Franchisee shall pay the Royalty Fee for each month on or before the 5th day of the following month. The first payment of the monthly Royalty Fee will be due on the 5th day of the second month after opening. Each monthly Royalty Fee payment made by Franchisee shall be accompanied by a receivable journal summary for the same period. All reports shall be emailed to reports@mkuschools.com.

3.3 **Electronic Transfer.**

MSF has the right to require all Royalty Fees, amounts due for purchases by Franchisee from MSF and other amounts due to MSF to be paid through an Electronic Depository Transfer Account of MSF’s choice. These payments, along with the previous month’s accounting data is required no later than the 5th day of each month after the month in question. At MSF’s request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide MSF with continuous access to such account for the purpose of receiving any payments due to MSF. Every month, Franchisee shall make monthly deposits to the account sufficient to cover amounts owed to MSF prior to the date such amounts are due. Franchisee shall execute any documents MSF’s or Franchisee’s bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without MSF’s written consent.

3.4 **Late Fees; Interest.**

All Royalty Fees, Technology Fees, amounts due for purchases by Franchisee from MSF and other amounts that are not received by MSF by the due date shall incur a late fee of \$50.00 per occurrence.

Any payments due to MSF or any of its Affiliates not paid when due will incur interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by MSF. Franchisee shall pay MSF for all costs incurred by MSF in the collection of any unpaid and past due Royalty Fees, or any other amounts due MSF, including reasonable accounting and legal fees. This Section shall not constitute an agreement by MSF to accept any payments after the due date or a commitment by MSF to extend credit to or otherwise finance Franchisee.

3.5 **Non-Compliance Fee.**

MSF may charge Franchisee \$250.00 for any instance of non-compliance with the System or this Agreement (other than Franchisee’s non-payment of a fee owed to MSF). Franchisee will be notified in writing regarding the issues of non-compliance which will include a timeline to remedy the issue. If such non-compliance is not remedied, MSF may charge Franchisee \$250.00 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of MSF’s internal cost of personnel time attributable

to addressing the non-compliance and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of MSF's other rights and remedies.

3.6 Application of Payments.

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

4. TERM AND RENEWAL

4.1 Initial Term.

This Agreement shall be effective and binding from the Effective Date until the fifteenth (15th) anniversary of the opening date of the Franchised Business, unless sooner terminated pursuant to Section 16. The opening date of the Franchised Business shall be set forth in the Addendum.

4.2 Renewal Terms.

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new Franchise Agreement with MSF. Franchisee shall have the right to acquire a successor franchise for a term of an additional fifteen (15) years. The fee to renew the existing franchise will be fifty percent (50%) of the then Initial Franchise Fee at the time of the renewal (the "**Successor Franchise Fee**"). To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

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

4.2.2 Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Accepted Location, or a suitable substitute location approved by MSF, which is in full compliance with MSF's then-current specifications and standards;

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

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

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

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

4.2.7 Franchisee has executed MSF's then-current form of Franchise Agreement (or has executed other documents at MSF's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which Franchise Agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring,

among other things, a different percentage or amount of Royalty Fee or and pay the Successor Franchise Fee;

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

4.2.9 Franchisee has executed a general release, in a form required by MSF, of any and all claims against MSF, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. ACCEPTED LOCATION

5.1 Selection of Site.

Franchisee shall lease or purchase the Accepted Location approved by MSF. You are required to work with our MSF real estate team and our preferred network of commercial real estate brokers in locating a site for your Franchised Business. You will receive assistance in searching and securing the location, an analysis of competitors, as well as assistance in preparing the LOI for leasing your location. Before Franchisee signs a lease for the Accepted Location, MSF must provide Franchisee with written notice of its approval. MSF will notify Franchisee of its approval or disapproval of any proposed site within a reasonable time, usually thirty (30) days, after receiving all requested information.

You may request that MSF provide a one-year guarantee to the lessor of your Accepted Location, guaranteeing payments of rent under the lease (the “**Optional One-Year Lease Guarantee Fee**”). We have sole discretion to provide the guarantee or choose not to. If we exercise our option to provide the guarantee, you shall pay us a one-time fee of \$20,000 to \$30,000 for the one-year guarantee. This non-refundable fee is due at the time of signing the lease.

The general site selection and evaluation criteria or factors that MSF considers in approving any sites Franchisee may propose to MSF includes the condition of the premises, demographics of the surrounding area, proximity to other Montessori Kids Universe® Schools, proximity to competitive businesses and lease requirements. The Accepted Location must be in a fixed location that is suitable for childcare and preschool and has an area for outdoor play.

If MSF and Franchisee cannot agree on a site, Franchisee will need to select another site, or Franchisee will be unable to comply with its obligation to develop and open a Montessori Kids Universe® by the deadline as stated in Section 5.5 this Agreement. Unless MSF agrees to extend the deadline, Franchisee will be in default and MSF may terminate this Agreement and **all franchise fees paid to MSF would be nonrefundable**. MSF does not warrant or guaranty that any location you select or that is approved by you and us will be profitable or successful.

5.2 Lease of Accepted Location.

If Franchisee is to execute a lease for, or a binding agreement to purchase, the Accepted Location, Franchisee must obtain MSF's approval of the terms. MSF shall not unreasonably withhold its approval. MSF's review of a lease or purchase agreement, or any advice or recommendation offered by MSF, shall not constitute a representation or guarantee that Franchisee will succeed at the Accepted Location nor constitute an expression of MSF's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its opinion and review of any such lease or purchase agreement. It will be necessary for the franchisee, along with the landlord to sign the

“Conditional Assignment of Lease Agreement” which is attached as Exhibit C to the Franchise Disclosure Document.

MSF shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, MSF’s rights or Franchisee’s duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Accepted Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. MSF has the right to require that the lease for the Accepted Location be collaterally assigned by Franchisee to MSF, pursuant to the terms of its standard Conditional Assignment of Lease form, to secure performance by Franchisee of its obligation under this Agreement. MSF’s approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to MSF and, at MSF’s option, the lease shall contain such provisions as MSF may reasonably require, including:

5.2.1 a provision reserving to MSF the right, but not the obligation, at MSF’s election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without a requirement for the payment of an additional security deposit or any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to MSF (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease. Franchisee shall not be entitled to a return of its security deposit;

5.2.2 a provision requiring the lessor to provide MSF with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to MSF the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within a thirty (30) day period after notice, or ten (10) days after the period provided to Franchisee, whichever period shall be longer, in which MSF may cure the default;

5.2.3 a provision requiring the lessor to provide MSF (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.2.4 a provision permitting MSF to enter the leased premises to make any modifications or alterations necessary in MSF’s sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.2.5 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Operations Manual, subject only to the provisions of applicable law;

5.2.6 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

5.2.7 a provision allowing MSF, upon expiration and non-renewal or termination of the lease or this Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

5.2.8 a provision stating that upon default of this Agreement, MSF or its nominee has the right, but not the obligation, to take possession of the Accepted Location and operate the Franchised Business and notwithstanding MSF’s (or the nominee’s) possession, the lessor agrees that during all times prior to an assignment of the lease to MSF (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease incurred prior to or during such possession and prior to such assignment; and

5.2.9 a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without MSF's prior written consent.

5.3 Development of Franchised Business Facility.

MSF shall make available to Franchisee, at no charge to Franchisee; lists of supplies, vendors and equipment necessary for the development and operation of a Montessori Kids Universe® School. In connection with the development of the Franchised Business, Franchisee shall:

5.3.1 interview and hire a Head of School and teaching staff. All staff shall be employed by franchisee and MSF accepts no responsibility for staff recruitment or hiring decisions. All such employees will be solely the employees or agents of Franchisee.

They are not employees or agents of MSF and MSF is not the joint employer of those persons. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and its employees. MSF will have no right or obligation to direct Franchisee's employees or to operate the Franchised Business. It is Franchisee's responsibility to determine compensation of its employees, terms of employment, safety regulations, work assignments, work schedules, and working conditions. Any information regarding any of those issues provided to Franchisee by MSF are mere suggestions and Franchisee shall have the sole discretion to utilize such information or not;

5.3.2 obtain all permits and licenses required for operation of the Franchised Business including any permits and certify in writing that all such permits and certifications have been obtained;

5.3.3 purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Operations Manual;

5.3.4 purchase and install all equipment, furniture and fixtures, including all required software and computer equipment, required by MSF for the operation of the Franchised Business; and

5.3.5 establish broadband or high-speed Internet access and obtain at least one (1) telephone number and one (1) facsimile number solely dedicated to the Franchised Business.

5.4 Opening.

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

5.4.1 fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5.

5.4.2 furnish MSF with copies of all insurance policies, Certificate of Occupancy, Fire Marshall approval, and applicable childcare license, along with any other permits that are required to operate Franchisee's Franchised Business. Or such other evidence of insurance coverage and payment of premiums as MSF may request;

5.4.3 complete the initial New Owner Training to the satisfaction of MSF;

5.4.4 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.4.5 obtain MSF's written permission and approval of an opening date. MSF shall not unreasonably withhold its consent to allow Franchisee to open. Permission to open shall be based on MSF's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

5.4.6 pay in full all amounts due to MSF.

5.5 Opening Deadline.

Franchisee shall open the Franchised Business for business in compliance with this Agreement within twenty-four (24) months after the Effective Date by conducting its first classroom session with paid attendance. Should Franchisee fail to do so, MSF has the right to terminate this Agreement with no monies returned to Franchisee. Franchisee will sign a general release form required by MSF, of any and all claims against MSF, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities).

5.6 Use of Accepted Location.

Franchisee shall not use the Accepted Location for any purpose other than for the operation of a Montessori Kids Universe® School in full compliance with this Agreement and the Operations Manual, unless approved in writing by MSF.

5.7 Relocation.

Franchisee shall not relocate the Franchised Business Facility without the prior written consent of MSF. If the Franchised Business Facility is leased, and the lease expires or terminates through no fault of Franchisee or if the Franchised Business Facility's premises is destroyed, condemned or otherwise rendered unusable, Franchisee may request the right to relocate the Franchised Business Facility either permanently or temporarily as appropriate under the circumstances and MSF shall not unreasonably withhold its consent to such relocation; provided the relocated site is located within the Territory, and does not harm another Montessori Kids Universe® School operated by MSF, an Affiliate of MSF, or another franchisee, as determined by MSF in its sole discretion.

Should Franchisee desire to relocate the Franchised Business Facility for any other reason, Franchisee shall request the right and MSF may approve or disapprove such request. Any relocation of the Franchised Business Facility shall be at Franchisee's sole expense and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.8. MSF has the right to charge Franchisee for any costs incurred by MSF in providing assistance to Franchisee, including, but not limited to, its legal and accounting fees.

Notwithstanding the foregoing, MSF has no obligation to provide relocation assistance. If MSF and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Accepted Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1.

6. PROPRIETARY MARKS

6.1 Ownership.

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

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

6.2 Limitations on Use.

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by MSF. Franchisee shall give such notices of trademark and service mark registrations as MSF specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business.

Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Accepted Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Montessori Kids Universe® Franchise" of Franchisee.

6.3 Notification of Infringements and Claims.

Franchisee shall immediately notify MSF of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than MSF and MSF's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. MSF has the right to take such action, as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks.

Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of MSF's counsel, be necessary or advisable to protect and maintain MSF's interests in any such litigation or other proceeding or to otherwise protect and maintain MSF's interest in the Marks.

6.4 Indemnification for Use of Marks.

MSF shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3 and has complied with this Agreement and MSF's directions in responding to such proceeding. At MSF's option, MSF or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between MSF and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by MSF. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the

counsel representing MSF and Franchisee in the event of litigation disputing MSF and Franchisee's use of the Marks.

6.5 Discontinuance of Use.

If MSF deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with MSF's directions within ten (10) business days after notice to Franchisee by MSF.

MSF shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect.

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, MSF and its designees have the right to enter and inspect the Franchised Business and the Accepted Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by MSF. MSF and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet MSF's then-current standards. MSF or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations.

6.7 MSF's Sole Right to Domain Name.

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site; social media, or website using a domain name or uniform resource locator containing, the Marks, or the words "Montessori Kids Universe®" or any variation thereof without MSF's written approval. MSF is the sole owner of all rights, title and interest in and to such domain names, as MSF shall designate in the Operations Manual.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 Confidentiality of Trade Secrets and Other Confidential Information.

Franchisee acknowledges that MSF shall disclose Trade Secrets and other Confidential Information to Franchisee during the New Owner Training and other training programs, through the Operations Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition.

Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary to MSF and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal

or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by MSF to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to MSF for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments.

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

7.2.2 To the extent any item does not qualify as a “work made-for-hire” for MSF, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to MSF and shall sign any assignment or other document as MSF requests to assist MSF in obtaining or preserving intellectual property rights in the item.

MSF shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As MSF may reasonably request, Franchisee shall take all actions to assist MSF’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship.

Franchisee acknowledges that MSF would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Montessori Kids Universe® franchisees if owners of Montessori Kids Universe® Schools and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business.

Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1 Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.3.3 operate, manage, fund and/or perform services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business

7.4 Nondisclosure and/or Non-Solicitation Agreements with Certain Individuals.

MSF has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 1, upon execution of this Agreement or prior to each such person's affiliation with Franchisee.

Upon MSF's request, Franchisee shall provide MSF with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. MSF shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

Franchisee shall not be permitted to employ, solicit or seek to hire employees from any other Montessori Kids Universe school location unless the owner of the school agrees in writing to allow the teacher or staff member to transfer your School.

7.5 Reasonableness of Restrictions.

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion; MSF would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of MSF, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

7.6 Customer Data.

All customer data and other data generated by the Franchised Business will be exclusively owned by MSF. MSF hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Franchised Business for the term of this Agreement.

8. TRAINING AND ASSISTANCE

8.1 Initial New Owner Training.

MSF shall make its initial new owner training program ("**New Owner Training**") available to Franchisee (or its Primary Owner), the Head of School, and an additional team member (up to a total of three (3) people). The New Owner Training program will begin after Franchisee has acquired rights to the Accepted Location and paid the full Initial Franchise Fee. Approximately two (2) to three (3) months prior to the opening of the Franchised Business, Franchisee (or its Primary Owner) and the Head of School must successfully complete, to MSF's satisfaction, the New Owner Training program pertaining to the education services and administration of the Franchised Business.

The New Owner Training shall be conducted by MSF virtually or at its headquarters or at another designated location. MSF shall not charge a tuition or similar fees for the New Owner Training program,

however, all expenses incurred by Franchisee and its attendees in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Operations Assistance.

MSF shall make available to Franchisee, at MSF's expense, one (1) of MSF's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with Montessori Kids Universe® techniques and for the purpose of providing general assistance and guidance in connection with operations of the Franchised Business.

Additionally, Franchisee agrees:

- * to hold one (1) open house per month within the first twelve (12) months of commencement of operations;
- * within ninety (90) days of commencement of operation of Franchisee's Montessori Kids Universe® School, initiate a philanthropic endeavor of its choice with which to affiliate;
- * follow MSF's System, which includes Montessori, DaVinci Kids, Reggio Emilia, and Around The World Summer curriculums;
- * offer yoga, music, foreign language of choice, cooking and gardening in Franchisee's Montessori Kids Universe® School; and
- * use software approved by MSF, which may be changed by MSF as it deems is necessary. Franchisee shall be responsible for all costs to update any required software.

If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should MSF deem it necessary and appropriate to comply with such request, Franchisee shall pay MSF's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete New Owner Training Program.

If MSF determines that the Franchisee is unable to satisfactorily complete the New Owner Training program described above, MSF has the right to terminate this Agreement. If the Head of School fails to complete the New Owner Training program to MSF's reasonable satisfaction, Franchisee may be permitted to select a substitute Head of School and such substitute Head of School must complete the New Owner Training to MSF's satisfaction.

8.4 Replacement Head of School.

After the Head of School has completed the required New Owner Training, should a Franchisee replace or name a new or replacement Head of School, Franchisee must notify MSF of the identity of the new Head of School and the new Head of School must complete the New Owner Training program to MSF's satisfaction within thirty (30) days of being named or at the next scheduled training by MSF, whichever comes first. Franchisee shall pay MSF its then current per diem additional training fee for this training, which is currently \$250.00 per day (the "**Additional Training Fee**"). Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Head of School's attendance for such training. MSF retains the right to charge its then current per diem Additional Training Fee and for airfare, food and lodging of its employees in the event MSF agrees to travel to the Accepted Location to provide this training or any other unscheduled training. If training is provided virtually, the trainee must attend the training uninterrupted.

8.5 New Core Staff Training.

If MSF determines additional training is required of core staff of Franchisee after school opening, MSF may charge Franchisee the Additional Training Fee.

8.6 On-going Training.

MSF may provide additional training webinars to franchisees (or their principal owners), Heads of School and teachers on relevant topics of interest. MSF will not charge a fee for any webinar training; although Franchisee shall be responsible for its costs in participating in such training. Franchisee or its Head of School must participate in any webinar designated as mandatory by MSF in accordance with the terms designated by MSF.

Within 12 months from the date of this Agreement, Franchisee must apply and begin the process for its Montessori Kids Universe® School to be certified by the National Association for the Education of Young Children (“NAEYC”) for Early Childhood Education.

MSF may present other seminars, national or regional conventions, continuing development programs or other meetings (“**Additional Meetings**”). Some of these are voluntary and Franchisee’s attendance is not required. However, Franchisee (or its Primary Owner) and its Head of School are required to attend any Additional Meetings that are deemed mandatory, not to exceed two (2) of these programs per year. If conducted, Franchisee (or its Primary Owner) and its Head of School must attend at least two (2) out of every three (3) years of MSF’s national convention, which may be held at such time and place as MSF designates in its sole discretion and, when held, counts as one (1) of the mandatory Additional Meetings.

MSF will give Franchisee at least thirty (30) days prior written notice of any seminar, convention, program or meeting that is mandatory unless attendance is waived by MSF. MSF may charge a fee for attendance at these Additional Meetings, which fee will vary, but not to exceed \$1,000 per attendee per Additional Meeting. If Franchisee does not attend a mandatory Additional Meeting, unless MSF agrees otherwise, Franchisee will be required to pay an amount equal to one hundred fifty percent (150%) of the fee charged to franchisees attending the mandatory Additional Meeting. At MSF’s sole option, MSF may choose to waive all or a portion of the costs of attendance for any attendees or non-attendees of any mandatory Additional Meeting without being obligated to waive any costs for other attendees or non-attendees of the same Additional Meeting. MSF’s waiver of this requirement for any other franchisee do not in any way affect Franchisee’s payment obligation.

8.7 Training and MKU Training Institute

Franchisee or the Head of School is responsible for implementing training and other programs for the employees of the Franchised Business, including school operations training related to the legal, safe, and proper performance of their work, regardless of the fact that MSF may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by MSF are provided to protect MSF’s brand and the Marks and not to control the day-to-day operation of the Franchised Business. All new Heads of Schools are required to begin Head of School training immediately upon hiring the MKU Head of School Training on -line.

You will pay a monthly fee of \$750 per month by ACH debit on the 1st of each month to our distance learning teacher training affiliate, MKU Training Institute, LLC (“**MKUTI**”) (the “**MKUTI Teacher Training Fees**”) for each Lead Teacher and certain other staff who may be required to complete required training. Every Lead Teacher will be expected to complete this training, and additional staff may

also be required to complete the training, depending on their position with your School. MKUTI Teacher Training Fees are non-refundable. Franchisee is responsible for all expenses incurred in it, its Head of School and its teachers attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries if training is required at our headquarters or at our designated location.

9. CONFIDENTIAL OPERATIONS MANUAL

9.1 Loan by MSF.

While this Agreement is in effect, MSF shall lend to Franchisee one (1) copy of the Operations Manual. The Operations Manual may consist of one (1) or more separate manuals and other materials as designated by MSF. The Operations Manual shall, at all times, remain the sole property of MSF and shall promptly be returned to MSF upon expiration or termination of this Agreement. The Confidential Operations Manual is designed to protect MSF's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of Franchisee's Franchised Business. At MSF's sole discretion, it may make the Operations Manual, and any updates or revisions thereto, available electronically online or by other means. Franchisee agrees that it shall comply with the Operations Manual as an essential part of its obligations under this Agreement. Franchisee shall at all times be responsible for assuring that its employees and all other persons under its control comply with the Operations Manual in all respects. Franchisee shall not duplicate the Operations Manual nor disclose its contents to persons other than its employees or officers who need the information to perform their jobs. The Operations Manual shall be deemed to be incorporated herein by this reference. A material violation of the terms of the Operations Manual shall be a default under the terms of this Agreement and shall be grounds for termination of this Agreement.

9.2 Revisions.

MSF has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by MSF; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement.

MSF may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Operations Manual is up to date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by MSF at MSF's headquarters shall be controlling.

9.3 Confidentiality.

The Operations Manual contains Trade Secrets and other Confidential Information of MSF and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Operations Manual is available at the Accepted Location in a current and up to date manner.

If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Accepted Location.

Franchisee shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual and its content. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity.

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, lobby, signage, classroom, and school color schemes, branding, staff and children's uniforms, specifications, standards, operating procedures and rules set forth in this Agreement, the Operations Manual or other communications supplied to Franchisee by MSF.

10.2 Modification of the System.

MSF has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require. Any required expenditure for changes or upgrades to the System or Franchised Business shall be in addition to expenditures for repairs and maintenance of the Franchised Business Facility as required in Section 13.2. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3 Variance.

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

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Grand Opening Advertising.

Beginning no later than two (2) months prior to opening of Franchisee's Montessori Kids Universe® School, Franchisee shall implement a plan for local advertisement and promotion program for the Franchised Business (the "**Grand Opening Advertising**").

Franchisee's Grand Opening Advertising must be approved by MSF prior to it being implemented. MSF shall provide advice to Franchisee in developing its Grand Opening Advertising campaign and expenses. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by MSF through the process set forth in Section 11.2.4. Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures.

Prior to the commencement of the Grand Opening Advertising campaign at a time designated by MSF, Franchisee must engage MSF's designated supplier to create a website for Franchisee's school, provide certain services related to that website, and provide initial digital marketing services.

You will pay is a technology fee of \$500.00 per month by ACH debit (the "**Technology Fee**") to support for your Franchised Business' website by developing, maintaining and updating (as needed) the

Montessori Kids Universe® website, creating security patches as we deem are needed, providing search engine optimization services.

MSF will also provide recommendations regarding the marketing and advertising campaign to make the local community in the Territory aware of Franchisee's Montessori Kids Universe® School. This will include items such as opening banners, sidewalk signs, local print media, mailers, brochures, and ribbon cutting ceremonies; and groups to join, such as mom's clubs and local chamber of commerce.

11.2 Local Advertising.

11.2.1 Franchisee shall continuously promote the Franchised Business within the Territory (“**Local Advertising**”). Other than the minimum digital marketing expenditure addressed in Section 11.2.3, Franchisee shall determine the amount of local advertising dollars that it will spend, although MSF reserves the right to establish minimum required expenditures for Local Advertising upon thirty (30) days' notice to Franchisee. Such expenditures shall be made directly by Franchisee. MSF shall provide general guidelines to Franchisee for conducting Local Advertising.

11.2.2 For purposes of ongoing online marketing of the Franchised Business, Franchisee shall pay the Technology Fee for maintenance services related to Franchisee's website established under Section 11.1 above. The required maintenance services shall be designated by MSF and may include creating blog articles of interest, creating security patches as MSF deems are needed, providing search engine optimization services, and providing cross link marketing campaigns. We retain the option to increase this fee.

11.2.3 As further part of its ongoing local marketing, Franchisee shall comply with MSF's requirements, and standards and specifications, related to social media and other digital marketing. MSF requires that Franchisee engage a supplier of choice or vendor referred by MSF for the management of digital advertising, which includes Google Ad Word marketing and social media advertising. The digital vendor will retain editor status only for digital marketing updates; MSF will maintain administrator status. Franchisee must spend a minimum amount equal to \$1,000 per month on the digital marketing until your Franchised Business has achieved 75% enrollments capacity. Thereafter, you will be required to spend \$500 per month on digital marketing.

11.2.4 Franchisee shall submit to MSF for its prior approval, all advertising and promotional materials to be used by Franchisee including, Facebook ads; Google Ad Words; social media posts, blog posts, press releases, television ads, radio ads, ad copy, coupons, flyers, and scripts. MSF shall use reasonable efforts to provide notice of approval or disapproval within seven (7) days from the date all requested material is received by MSF. If MSF does not approve submitted materials by the end of such seven (7) days such materials shall be deemed to not have received the required approval and Franchisee shall re-submit the advertisement. Franchisee shall not use any marketing or promotional material prior to approval by MSF. The submission of advertising materials to MSF for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells services.

11.3 National Advertising.

MSF does not have a system-wide national marketing fund and you will not be required to participate in a system-wide marketing fund.

11.4 Cooperative Advertising.

MSF retains the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Montessori Kids Universe® Schools located within a particular region. MSF has the right to

collect and designate all or a portion of the Local Advertising to payments or contributions to MSF for the funding of a Cooperative Advertising program. MSF has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, MSF has the right to administer the Cooperative Advertising Program or to establish an advertising council of franchisees to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the rules and procedures established by the council and Franchisee shall abide by the council's decisions. Should MSF establish a Cooperative Advertising program or programs with or without an advertising council, MSF has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

11.5 Digital Marketing; Internet Advertising.

11.5.1 Franchisee shall comply with all terms, requirements, and standards and specifications established by MSF related to the establishment and maintenance of Franchisee's website and Franchisee's digital marketing activities, and to provide those services described above in Sections 11.1 and 11.2. Franchisee shall not utilize any other vendor for any website development or maintenance, social media marketing, or any other digital marketing of any kind, without MSF's prior approval.

In the event another vendor is approved by MSF to create digital marketing for Franchisee, MSF and its webmaster are required to be "co-manager" of all accounts, with complete technical access to all such accounts. Failure to do may result in a failure to comply violation of this Agreement and MSF may designate another supplier for these services at its discretion, which may be MSF itself, and all fees related to the services shall in that event be paid to the new designated supplier.

11.5.2 Franchisee shall not establish a presence on, or market using, the Internet (including social media) in connection with the Franchised Business without MSF's prior written consent. MSF has established and maintains an Internet website at the uniform resource locator www.montessorikidsuniverse.com that provides information about the System and the products that MSF and its franchisees provide. MSF will include at the Montessori Kids Universe® website an intranet section or an interior page containing information about the Franchised Business.

11.5.3 MSF retains the sole right to advertise services offered by Montessori Kids Universe® and to or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for MSF's Internet marketing and shall be required to follow MSF's intranet and Internet usage rules, policies and requirements. MSF retains the sole right to approve any linking to, or other use of, the Montessori Kids Universe® website.

11.6 Promotion of Franchise System Growth.

Franchisee acknowledges the importance to MSF and its franchisees of enhancing the goodwill associated with the Marks and System by expanding the network of Montessori Kids Universe® Schools when possible. Franchisee agrees to support MSF's franchise sales advertising, marketing, promotional and sales efforts and agrees to be included within an owner referral list.

As a participant in the owner referral program, Franchisee agrees that its contact information may be provided to prospective franchise candidates and further agrees to cordially accept calls from such candidates and respond to questions posed by the candidates. MSF will use reasonable efforts to limit call volume by distributing calls throughout the franchisee network and providing contact information (other

than as require to be disclosed in the Montessori Kids Universe® Franchise Disclosure Document) only to serious candidates. Franchisee also agrees to permit candidates to visit their Franchised Business Facility and provide facility tours to candidates. Tours will be scheduled with the date and time to be determined by Franchisee and are not intended to interrupt the normal course of the day's activities. Where possible, MSF will make an effort to limit tour volume by distributing tours throughout the franchisee network.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records.

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records through use of software system required by MSF. Franchisee will maintain records of accounts in accordance with the standard accounting system prescribed by MSF in the Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by MSF or required by law.

12.2 Gross Revenue Reports.

Franchisee shall maintain an accurate record of monthly Gross Revenue in the Gross Revenue Reports. The Gross Revenue Reports shall be maintained using such ProCare software program or other program as MSF shall require. Gross Revenue shall have the meaning as defined in Definition Section of this Agreement.

Franchisee shall deliver to MSF such reports, together with such other reports as MSF shall require by the 5th day of each month for the previous month. Reports are to be emailed by the Franchisee to reports@mkuschools.com.

12.3 Financial Statements.

During the first year of operation of your School, Franchisee is required to provide MSF with a quarterly profit and loss statement from your franchise. After the first year of operations, we require an annual profit and loss statement. The profit and loss statements must be submitted on the 5th day of the month in a month the statement is due. Annual profit and loss statements are due no later than sixty (60) days after the end of each calendar year. Additionally, a copy your Franchised Business's signed Federal Tax Report (including the pages indicating "Gross Sales") must be provided no later than October 16th of the year's previous tax return.

At times, we may require you to provide additional reports or financial information, including bank statements. These can be provided electronically. The amount indicated on the Franchised Business' "Gross sales" line of its tax return should be within three percent (3%) of the annual year's Gross Revenue reported by Franchisee's ProCare report. A disparity of more than three percent (3%) between the ProCare annual Gross Revenues and the signed tax return may result in MSF requesting an independent audit of the Franchised Business' finances. All expenses for this audit are the responsibility of the Franchisee. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. As required by MSF, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to MSF such other periodic reports in the manner and at the time specified in the Operations Manual or otherwise in writing.

12.4 Other Reports.

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

12.5 Computer Equipment.

MSF reserves the right to require Franchisee to purchase, install and use a computer system consisting of hardware and software in accordance with MSF's specifications. MSF shall have full access to all of Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit MSF to verify Franchisee's compliance with its obligations under this Agreement.

ProCare Software School Management System is a required purchase item ("**ProCare**"). It provides our comprehensive childcare business administrative software system, which manages (and will generate and store data for) all family and student data, accounts receivable and payables, tuitions, time and attendance data for Students, security, check-in solutions, employee data, payroll, and other functions. It includes software for collecting tuition ("**Tuition Express**"); however, to save fees, we recommend you implement ACH debit through your bank to accept tuition payments. Credit cards may also be used; however, you may want to have a policy in place to include the merchant fee. In addition to ProCare on-line tutorials and general client service, ProCare offers individual training for a fee. We require a minimum of four (4) to five (5) hours of individual training before you commence operations at your Franchised Business. YouTube tutorials are also required viewing in pre-opening ProCare training.

After you purchase the ProCare software, ProCare has a monthly fee, which is currently \$39. ProCare's monthly fee may increase. You are not required to engage on-going maintenance contracts or support agreements for the maintenance of your computer system; however, we recommend you do so. You are required to have an automatic computer backup service in order to avoid any loss of information and files that could occur with a computer crash. You may periodically be required to update or upgrade computer hardware and software. We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts to be approximately \$500 to \$1,000 annually.

You are required to purchase the Line Leader CRM System software ("**Line Leader**"). This customer relations marketing system will manage your client interactions, dealing with future and current clients, and optimizing and systemizing client relationships. The cost to set up this system is currently \$100 and then Line Leader has a current monthly fee of \$179, which may be increased by Line Leader. It is a requirement that every lead be entered into the Line Leader system. This is a very important component of the drip marketing program; each lead must be entered within the same day as received.

You are required to purchase a student assessment, tracking and record keeping program from our preferred vendor, Montessori Compass ("**Montessori Compass**"). This software is used to track and assess the academic growth of each Student, interact with parents, send real time updates, etc. The price is set by the vendor and is currently \$20 per classroom and \$.50 per student per month.

You must acquire a separate license or copy of the ProCare software, Line Leader, the Montessori Compass software, and all other software we require for each Montessori Kids Universe® School you own and operate.

You must acquire an internal camera system; the “**Watch Me Grow**” camera system. This camera system ranges from \$6,000 and \$9,000, depending on the cameras required to cover the size of your School Location. This camera system is only for internal training and security purposes. It is not for use by parents to observe their students. You must provide us with remote access to your Watch Me Grow camera system for training and other internal purposes.

We may introduce new requirements for computer and point-of-sale systems or modify our specifications and requirements. There are no limits on our rights to do so, except as disclosed in Item 16.

We have the right to independently access all information you collect or compile at any time without first notifying you.

12.6 Right to Inspect.

MSF or its designee has the right, during normal business hours, to examine copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to MSF have been underpaid, then Franchisee shall immediately pay to MSF the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse MSF for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys’ fees). The foregoing remedies shall be in addition to any other remedies MSF may have.

12.7 Release of Records.

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

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers.

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business all products and services required by MSF, and only those products and services that MSF from time to time approves (and which are not thereafter disapproved) and that comply with MSF’s specifications and quality standards.

13.1.2 MSF requires that items or services shall be purchased only from “Approved Suppliers” that MSF designates or approves (which might include, or be limited to, MSF or an Affiliate). Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Accepted Location any products that MSF has not approved.

13.1.3 MSF shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, furniture, fixtures, inventory, equipment and other approved or specified items and services, and MSF may from time to time issue revisions to such list.

13.1.4 If MSF or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by MSF or its Affiliate. If Franchisee desires to utilize any products or services that MSF has not approved (for products and services that require supplier approval), Franchisee shall first send MSF sufficient information, specifications and samples for MSF to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by MSF in connection with determining whether it shall approve an item, service or supplier.

13.1.5 MSF will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require MSF to approve any particular supplier, or to require MSF to make available to prospective suppliers, standards and specifications that MSF deems confidential.

13.1.6 Notwithstanding anything contrary in this Agreement, MSF has the right to review from time to time its approval of any items or suppliers. MSF may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by MSF and shall promptly cease purchasing from suppliers disapproved by MSF.

13.1.7 MSF has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as MSF determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. MSF has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 11.1 and shall not create any rights in Franchisee to provide the same products or services.

13.2 Appearance and Condition of the Franchised Business.

Franchisee shall maintain the Franchised Business, the Franchised Business Facility, equipment and signage in like new condition, and shall repair or replace equipment, fixtures, supplies, interior- exterior of building, parking lot, landscaping, flooring, paint, inventory and signage as necessary or required to comply with the health and safety standards and specifications of MSF and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2. General site inspections by MSF will be conducted.

13.3 Ownership and Management.

The Franchised Business shall, at all times, be under the direct supervision of the Head of School and/or Franchisee (or its Primary Owner). The Head of School and/or Franchisee (or its Primary Owner) shall devote sufficient efforts to the management of the day-to-day operations of the Franchised Business, but not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences.

Franchisee shall keep MSF informed, in writing, at all times of the identity of its Head of School. Neither Franchisee nor its Head of School shall engage in any business or other activities that will conflict with its, his or her obligations under this Agreement.

13.4 Days of Operation.

Franchisee shall keep the Franchised Business open for business during the standard business hours and days determined by MSF, provided, however, MSF shall reasonably permit Franchisee to alter its hours or days in response to needs of Franchisee's customer based.

13.5 Contributions and Donations.

In order to protect the Marks, Franchisee must obtain MSF's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). MSF may withhold any such consent in its sole and absolute discretion.

13.6 Licenses and Permits.

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

Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

Franchisee will also provide copies of all scheduled and unscheduled visits and/or inspections by the local childcare agency.

13.7 Report of Significant Issues.

Franchisee shall alert MSF as soon as possible (and in any event within twenty-four (24) hours) of any significant issue or potential crisis relating to the Franchised Business. A "**significant issue**" includes (but is not limited to) any allegation or occurrence of abuse, neglect, or mistreatment of a child; any serious injury to child on the premises of the Franchised Business, any outbreak of serious illness associated with the Franchised Business, any allegation or discovery that a child has been released to an unauthorized person; any occurrence of unlawful conduct in the Franchised Business; or any allegation or discovery of any hazardous or unlawful substance associated with the Franchised Business.

13.8 Report of Inspections, Investigations, and Legal Actions.

13.8.1 Franchisee shall give MSF copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Franchised Business, within three (3) days of Franchisee's receipt thereof, including all applicable Certificates of Occupancy and state childcare licenses, and any renewals thereof, all Fire Marshall inspection reports, all OSHA or other safety inspection reports, and all childcare facility inspection reports. Franchisee shall inform MSF of any findings of noncompliance or other violations of any report within forty-eight (48) hours of the issuance of the report. All reports shall be sent by the franchisee to MSF at reports@mkuschools.com.

13.8.2 Franchisee shall promptly notify MSF of any lawsuit or other legal action, or any threat thereof, by any customer, governmental authority, or other third party against Franchisee or the Franchised Business. Franchisee shall provide such documents and information related to any such action as MSF may request.

13.9 Compliance with Good Business Practices.

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business.

The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If MSF deems that Franchisee did not fairly handle a customer complaint, MSF has the right to intervene and satisfy the customer. Franchisee shall reimburse MSF for all costs incurred by MSF in servicing a customer of the Franchised Business pursuant to this Section.

13.10 Uniforms.

Franchisee shall abide by any uniform or dress code requirements, personal appearance and hygiene standards stated in the Operations Manual or otherwise for both staff and children. Franchisee shall purchase uniforms only from an Approved Supplier.

13.11 Employees.

13.11.1 Franchisee shall ensure the Head of School, all classroom instructors, and all other employees are appropriately trained and have such qualifications and/or certifications as MSF may require. All classroom teachers must be Montessori trained or in the process of obtaining training at the next available approved training program after being hired.

13.11.2 Franchisee shall ensure that the Head of School, all class instructors, and all other employees meet all legal requirements for their positions, including fingerprint and background checks as required by law and it has obtained signed nondisclosure agreements, with copies provided to MSF.

13.11.3 Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and MSF are not joint employers, and no employee of Franchisee will be an agent or employee of MSF.

13.12 Contact Authorization.

Franchisee expressly authorizes MSF and its Approved Suppliers to contact Franchisee by e-mail, telephone, mail, or any other means related to any aspect of the Franchised Business, authorized products and services, this Agreement, or the System, for so long as this Agreement remains in effect. Franchisee expressly authorizes MSF to disclose Franchisee's contact information to MSF's Approved Suppliers to enable such suppliers to contact Franchisee. Franchisee acknowledges that these communications are necessary to facilitate and keep Franchisee updated regarding the ongoing franchise relationship.

13.13 Best Efforts.

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

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance.

MSF shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. MSF shall not charge for this service; however, MSF retains the right to refuse or charge a fee for this service should Franchisee be deemed by MSF to be utilizing this service too frequently or in an unintended manner. MSF's advice or guidance to Franchisee relative to prices for products and services that, in MSF's judgment, constitutes good business practice is based upon the experience of MSF and its franchisees in operating Montessori Kids Universe® Schools and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

14.2 Periodic Visits.

At MSF's sole discretion, MSF or MSF's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. MSF and MSF's representatives who visit the Franchised Business may prepare, for the benefit of both MSF and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by MSF in a timely manner acceptable to MSF.

15. INSURANCE

15.1 Types and Amounts of Coverage.

At its sole expense, Franchisee shall procure, effective upon the Franchised Business' opening date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below.

All policies (except any workers' compensation insurance) shall expressly name Montessori School Franchising LLC as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against MSF and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

15.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE

HUNDRED THOUSAND DOLLARS (\$100,000) or, if higher, the statutory minimum limit as required by state law;

15.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage (including sexual molestation and abuse, caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000) per occurrence and TWO MILLION DOLLARS (\$2,000,000) in the general aggregate or, if higher, the statutory minimum limit required by state law;

15.1.4 business interruption insurance in amounts and with terms acceptable to MSF; and

15.1.5 cyber insurance in amounts and with terms acceptable to MSF.

15.2 Future Increases.

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

15.3 Carrier Standards.

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

15.4 Evidence of Coverage.

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by MSF, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 22.3.

Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to MSF and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage.

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

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee.

If Franchisee is in full compliance with all of the terms of this Agreement and MSF materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within ninety (90) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this

Agreement unless the breach cannot reasonably be cured within such ninety (90) days. If the breach cannot reasonably be cured in such ninety (90) days, Franchisee may elect to terminate this Agreement only if MSF does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by MSF.

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

16.2.1.1 fails to timely select an Accepted Location or establish, equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to have its Head of School satisfactorily complete any training program pursuant to this Agreement;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to MSF in the course of entering into this Agreement;

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

16.2.1.5 after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of MSF, Franchisee or the Franchised Business;

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

16.2.1.7 if required by MSF, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 1, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide MSF with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.3 if requested by MSF;

16.2.1.8 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by MSF), or, if first approved by MSF, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Accepted Location, the destruction or condemnation of the Accepted Location or any other event rendering the Accepted Location unusable;

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

16.2.1.10 fails to maintain the Franchised Business under the primary supervision of a Head of School during the ninety (90) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.11 submits to MSF at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to MSF by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedes bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Accepted Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

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

16.2.1.14 fails to submit reports or other information or supporting records when due or to pay any Royalty Fee, amounts due for purchases from MSF and any Affiliate, or other payment when due to MSF or any Affiliate within the cure periods below;

16.2.1.15 violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to children, employees or the public;

16.2.1.16 engages in any activity exclusively reserved to MSF;

16.2.1.17 fails to comply with any applicable law or regulation within ten (10) days after being given notice of non-compliance;

16.2.1.18 breaches this Agreement and/or fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Operations Manual on two (2) or more separate occasions within any period of 12 consecutive months, whether or not previous breaches or failures are cured;

16.2.1.19 defaults under any other agreement between MSF (or any Affiliate) and Franchisee, such that MSF or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates; or

16.2.1.20 files or otherwise commences litigation, arbitration, or any other legal action against MSF that is not in compliance with the dispute resolution terms agreed upon in Article 23 as may be modified by any applicable rider in Attachment 5 to this Agreement, and fails to dismiss such action within seven (7) days after notification from MSF.

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

16.2.2.1 within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to MSF, our affiliates, vendors or the landlord for your Franchised Business;

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

16.2.2.3 within twenty (20) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Operations Manuals or otherwise prescribed in writing.

16.3 Reinstatement and Extension.

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

16.4 Right of MSF to Discontinue Services to Franchisee.

If Franchisee is in breach of any obligation under this Agreement, and MSF delivers to Franchisee a notice of termination pursuant to Section 16.2.2, MSF has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which MSF is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of MSF to Operate Franchised Business.

Following the delivery of a notice of termination, in MSF's discretion, MSF shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. The MSF may not manage the daily operations of the business for an extended period of time (not more than ninety (90) days) renewable as necessary for up to one (1) year. MSF will periodically discuss the status with Franchisee. MSF may charge a temporary management fee as stated in the Operations Manual from time to time, currently equal to \$500.00 per day (the "**Temporary Management Fee**"), and MSF shall be entitled to reimbursement of any expenses MSF incurs that are not paid out of the operating cash flow of the Franchised Business. Should MSF elect to assume the operation of the Franchised Business on a temporary basis, MSF shall have no responsibility or liability for the obligations, debts or payments under the lease for the Accepted Location (if any) or otherwise.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken.

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

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

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

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

17.1.4 pay all sums owed to MSF and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, and any other amounts due to MSF or any Affiliate;

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

17.1.6 immediately return to MSF the Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by MSF to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be MSF's property); assign all telephone listings and numbers for the Franchised Business to MSF and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of MSF; and

17.1.7 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete.

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and other Confidential Information of MSF;

17.2.1.2 to induce MSF to grant a Franchise to Franchisee; and

17.2.1.3 to protect MSF against its costs in training Franchisee and its officers, directors, executives, professional staff and Head of School.

17.2.2 Except as otherwise approved in writing by MSF, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction open a competitive business entity with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide Montessori / Reggio Emilia based preschool services through a Competitive Business located or operating: (a) within a twenty-five (25) mile radius of the Accepted Location or with the Territory (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other Montessori Kids Universe® School in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer, franchisee or business associate of MSF to terminate or modify his, her or its business relationship with MSF or to compete against MSF.

17.2.3 In furtherance of this Section, MSF has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 1.

17.2.4 If a Franchisee, any holder of a legal or beneficial interest in Franchisee, or any officer, director, executive, manager or member of the professional staff of Franchisee breaches this Section 17.2, the two (2) year period shall start on the date that such person is enjoined from competing or stops competing, whichever is later.

17.2.5 If for whatever reason, either the above area or time frame covered by this Section 17.2 is deemed unreasonable by a court of law, then and only in such an event shall such area and/or its time frame be reduced accordingly by the court. The rulings by the court concerning the area or time frame or any other judicial interpretation shall not affect the rest and remainder of such restrictive covenants.

17.3 Unfair Competition.

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute MSF's rights in the Marks.

Franchisee shall not utilize any designation of origin, description or representation that suggests or represents an association or connection with MSF. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 6, 7, 17.1 or 17.2. Franchisee shall make such modifications or alterations to the Accepted Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between MSF or the System and any business subsequently operated by Franchisee or others at the Accepted Location.

Franchisee shall make such specific additional changes to the Accepted Location as MSF may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, MSF has the right to enter upon the Accepted Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4 MSF's Option to Purchase Certain Business Assets.

MSF has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. MSF cannot unilaterally control the determination of the value of the property. If MSF elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5 Survival of Certain Provisions.

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

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by MSF.

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by MSF and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of MSF, the assignee shall assume the obligations of MSF hereunder and MSF shall thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party.

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and MSF has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Accepted Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of MSF.

Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. MSF agrees to not arbitrarily or unreasonably withhold the transfer of the franchise. MSF's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to MSF, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

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

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

18.2.5 the transferee and, if MSF requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different

from this Agreement, including different Royalty Fee and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

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

18.2.7 Franchisee has provided to MSF for its review and approval, a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to MSF a transfer fee in the amount of 50% of the then current Initial Franchise Fee (the “**Transfer Fee**”);

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

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

18.2.11 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to MSF a nondisclosure and non-competition agreement in a form satisfactory to MSF and in substance the same as the nondisclosure and non-competition covenants contained in Section 7;

18.2.12 the transferee agrees that its Primary Owner and Head of School shall complete, to MSF’s satisfaction, New Owner Training program described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

18.2.13 the transferee has obtained all necessary types of insurance as described in Section 15.1.

18.3 Transfer to a Controlled Entity.

18.3.1 Franchisee may transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee (“**Controlled Entity**”), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, subject to the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

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

18.3.1.3 all obligations of Franchisee to MSF or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay the Transfer Fee as required pursuant to Section 18.2.8;

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

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

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

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

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

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

18.4 MSF's Disclosure to Transferee.

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

18.5 For-Sale Advertising.

Franchisee shall not, without prior written consent of MSF, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder. MSF's consent to such listing or ads listing the property for sale will not be unreasonably withheld.

18.6 Transfer by Death or Incapacity.

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding ninety (90) days following such event, transfer such individual's interest in

the Franchised Business or in Franchisee to a third party approved by MSF. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. No Transfer Fee will apply to a transfer under this Section 18.6.

18.6.2 During such ninety (90) day period, the Franchised Business must remain at all times under the primary management of a Head of School who otherwise meets MSF's management qualifications.

18.6.3 Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in MSF's discretion, MSF shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by MSF. MSF may charge Franchisee the Temporary Management Fee, and MSF shall be entitled to reimbursement of any expenses MSF incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer.

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to MSF, except with regards to a sale or transfer to a family member.

19.2 MSF's Right to Purchase.

MSF shall, thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. MSF has the right to substitute cash for the fair market value of any form of payment proposed in such offer. MSF's credit shall be deemed at least equal to the credit of any proposed buyer.

After providing notice to Franchisee of MSF's intent to exercise this right of first refusal, MSF shall have up to sixty (60) days to close the purchase. MSF shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at MSF's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal.

If MSF does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to MSF's prior written approval as required by Section 19.2. Should the sale fail to close within 180 days after the offer is delivered to MSF, MSF's right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted.

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and MSF enters into this Agreement in reliance upon such representation, that the individuals identified in Attachment 3 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship.

21.1.1 This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, or independent contractor of MSF for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of MSF, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of MSF, or to create any obligation, express or implied, on MSF's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from MSF. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Accepted Location and on all forms, stationery or other written materials, the content of which MSF has the right to specify.

21.1.2 Under no circumstances shall MSF be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. MSF shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care.

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain MSF's written consent or permits Franchisee to take any action or refrain from taking any action, MSF is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting MSF's right, except as may be provided by statute or regulation.

21.3 Indemnification.

To the fullest extent permitted by law, Franchisee shall, at Franchisee's sole cost and expense, hold harmless and indemnify MSF, any Affiliate, all holders of a legal or beneficial interest in MSF and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "**MSF Indemnitees**") from and against all losses, damages, fines, costs, expenses or

liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon (a) any personal injury, bodily injury or property damage whatsoever occurring in or at the location of the Franchised Business; (b) any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee; (c) Franchisee's ownership or operation of the Franchised Business; (d) Franchisee's breach of the lease for the Accepted Location; (e) Franchisee's violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (f) Franchisee's breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and MSF (or an Affiliate); (g) Franchisee's defamation of MSF or the System; (h) Franchisee's acts, errors or omissions committed or incurred in connection with the Franchised Business and/or place of operations, including any negligent or intentional acts; or (i) Franchisee's infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel.

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

21.5 Exercise of Rights.

If MSF's exercise of its rights under this Section to take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to MSF without the need for any further action on either party's part. Under no circumstances shall MSF be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by MSF from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver.

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

22.2 Injunctive Relief.

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17.4 would result in irreparable injury to MSF, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, MSF shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for MSF's reasonable attorneys' fees incurred in pursuing the same.

MSF's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.6. MSF's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 Notices.

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices, payments and reports required by this Agreement shall be sent to Franchisee at the address set forth below the signatures on the signature page of this Agreement, and to MSF at the following address:

Montessori School Franchising LLC
Attn: Thomas and Nancy Boehm
4521 PGA Boulevard, Suite 156
Palm Beach Gardens, Florida 33418

Either party may change its address by a written notice sent in accordance with this Section 22.3.

22.4 Cost of Enforcement or Defense.

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

22.5 Unlimited Guaranty and Assumption of Obligations.

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

22.6 Approvals.

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

Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement.

This Agreement, its attachments, exhibits, and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between MSF and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within MSF's Montessori Kids Universe® Franchise Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise.

No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this or in any related agreement, however, is intended to disclaim representations made by MSF in the Franchise Disclosure Document furnished to Franchisee.

22.8 Severability and Modification.

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If MSF determines that a finding of invalidity adversely affects the basic consideration of this Agreement, MSF has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17.4 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction.

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

22.10 Force Majeure.

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

22.11 Timing.

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

22.12 Withholding Payments.

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

22.13 Further Assurances.

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

22.14 Third-Party Beneficiaries.

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

23. DISPUTE RESOLUTION

23.1 Choice of Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles).

23.2 Consent to Jurisdiction.

Any action brought by either party except those claims required to be submitted to arbitration, shall only be brought in the appropriate state or Federal courts located in or serving Palm Beach County, Florida. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by MSF where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies.

No right or remedy conferred upon or reserved to MSF or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar

MSF's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitation of Damages.

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

23.5 Liquidated Damages.

If this Agreement terminates for any reason other than our material breach and our failure to cure the breach within a reasonable time after you give us written notice of the breach, but not less than sixty (60) days, then in addition to any and all other remedies and causes of action available to us, you will pay us liquidated damages in addition to amounts due to us accruing under this Agreement prior to termination. The amount of liquidated damages shall equal the average monthly Royalty Fees payable to us for the twelve (12) months preceding the date of termination, multiplied by the lesser of twenty-four (24) or the number of months remaining in the term of this Agreement at the time of termination. You and we agree that it is a reasonable estimate of the actual damages, which we will sustain as a result of the breach, and is not a penalty. The liquidated damages will constitute neither a waiver of your obligation to comply with the foregoing post-termination requirements nor a license to use the System.

23.6 Waiver of Jury Trial.

FRANCHISEE AND MSF EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

23.7 Mediation; Arbitration.

23.7.1 Disputes subject to Mediation first; then Arbitration. With the exception of any controversy or claim relating to the ownership or improper use of our Marks or Confidential Information, and except for equitable claims and claims of non-payment under this Agreement or any agreement by us, the parties agree to submit any claim, controversy or dispute between or involving us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and your agents, representatives and/or employees, as applicable) arising out of or related to: (a) this Agreement or any other agreement between us and you or our and your respective affiliates; (b) our relationship with you; (c) the validity of this Agreement or any other agreement between you and us or our and your respective affiliates; or (d) any System Standard, to non-binding mediation at a place that we designate within twenty-five (25) miles of where our principal office is located at the time of the demand for mediation is made. The mediation shall be conducted by either a mutually agreed-upon mediator or, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of its desire to seek mediation, by the American Arbitration Association in accordance with its Commercial Mediation Procedures. Absent agreement to the contrary, the mediator shall be experienced in the mediation of disputes between franchisors and franchisees. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding or otherwise disclosed by either you or us to any third party who, except to the extent a third party is a participant in the mediation proceeding. Each party will bear its own

costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by the written agreement of the parties, either party may bring a legal proceeding under this Section. The mediation provisions of this Agreement are intended to benefit and bind certain third-party non-signatories, and all of your and our owners and affiliates. Any mediation proceeding conducted pursuant to this sub-section and any settlement or agreement arising therefrom shall be kept confidential between the parties, except for any settlement disclosure we are legally required to make within a franchise disclosure document. The parties intend for any mediation proceeding to be both private and confidential. Any third parties who are required to participate in a mediation proceeding must be bound by the same confidentiality obligations as the parties.

23.7.2 Arbitration. EXCEPT FOR ACTIONS BROUGHT BY US AGAINST YOU FOR NON-PAYMENT OF FEES OR ROYALTIES UNDER THIS AGREEMENT OR ACTIONS BY US FOR INJUNCTIVE RELIEF, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED BY ARBITRATION IN THE CITY WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR ARBITRATION IS FILED BY THE AMERICAN ARBITRATION ASSOCIATION (“AAA”). (IF YOU AND WE CANNOT AGREE ON A LOCATION, THE ARBITRATION WILL BE CONDUCTED AT A LOCATION SELECTED BY US). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES AGREE THEY WILL ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL BY JURY OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATOR RENDERS A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD. THE PARTIES AGREE AND INTEND THAT AN ARBITRATION WILL BE KEPT BOTH PRIVATE AND CONFIDENTIAL BETWEEN THEM. AT THE OUTSET OF ANY ARBITRATION, THE PARTIES WILL SEEK THE ENTRY OF A PROTECTIVE ORDER FROM THE ARBITRATOR, PROTECTING ALL PLEADINGS, MOTIONS, EXHIBITS, DEPOSITION TRANSCRIPTS, DISCOVERY REQUESTS AND RESPONSES, DOCUMENTS, AWARDS, ORDERS, DECISIONS AND REPORTS FROM DISCLOSURE BY THE PARTIES, THE ARBITRATOR, AND ANY NON-PARTY WITNESSES OR OTHER PARTICIPANTS. ADDITIONALLY ANY FINAL AWARD SHALL REITERATE SUCH ORDER OF PROTECTION, EXCEPT FOR THE TERMS OF AN AWARD WHICH WE ARE LEGALLY REQUIRED TO DISCLOSE IN A FRANCHISE DISCLOSURE DOCUMENT, OR DISCLOSURES IN CONNECTION WITH JUDICIAL PROCEEDINGS ANCILLARY TO THE ARBITRATION, SUCH AS A JUDICIAL CHALLENGE TO, OR ENFORCEMENT OF, AN AWARD, AND UNLESS OTHERWISE REQUIRED BY LAW.

23.7.3 Notice and Opportunity to Cure. As a mandatory condition precedent prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us ninety (90) days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

23.7.4 Injunctive Relief. If arbitration is entered into, 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.

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

23.7.6 Performance During Mediation or Arbitration or Litigation. MSF and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the mediation or arbitration process.

23.7.7 Private Disputes. Any dispute and any litigation or arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties to such litigation.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Franchise Disclosure Document.

Franchisee represents and acknowledges that it has received, read and understands this Agreement and MSF's Franchise Disclosure Document; and that MSF has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, the Franchise Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee.

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

24.3 True and Accurate Information.

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

24.4 Risk.

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Montessori Kids Universe® franchise business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee.

24.5 No Guarantee of Success; No Representations.

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

24.6 No Violation of Other Agreements.

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

24.7 Severability.

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect: the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

24.8 Joint and Several Liability.

If two (2) or more people sign this Agreement as "Franchisee", each will have joint and several liability.

24.9 No Offer and Acceptance.

Delivery of a draft of this Agreement to Franchisee by MSF does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and MSF.

24.10 Release of Prior Claims.

By executing this Agreement, Franchisee, individually and on behalf of its heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, forever releases and discharges MSF and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

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

FRANCHISOR:
MONTESSORI SCHOOL
FRANCHISING LLC

FRANCHISEE:
[if an individual:]

By: Thomas J. Boehm, President

Signature _____

Date: _____

Signature: _____

Print Name: _____

IF A PARTNERSHIP, CORPORATION
OR OTHER ENTITY:

Print Company Name

By: _____
Signature

Print Name and Title: _____

Date: _____

**ADDENDUM TO MONTESSORI SCHOOL FRANCHISING LLC
FRANCHISE AGREEMENT**

This is an Addendum (“**Addendum**”), made as of the ____ day of _____, 20__ is to that certain Montessori School Franchising LLC Franchise Agreement dated of even date (the “**Agreement**”) by and between *Montessori School Franchising LLC* (“**MSF**”), and the undersigned franchisee (“**Franchisee**”). This Addendum modifies the terms of the Agreement, and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum are controlling.

The parties agree as follows:

1. Accepted Location and Target Area. The Accepted Location or the Target Area, referred to in Section 2.2 or Section 2.3 of the Agreement, shall be:

2. Initial Franchise Fee. Franchisee shall pay to MSF when Franchisee signs the Agreement the Initial Franchise Fee, referenced in Section 3.1 of the Agreement, of \$75,000. U.S.D shall be bank wired and payable as follows:

3. Opening Date. The opening date of the Franchised Business shall be TBD but no later than twenty-four (24) months after signing of the Franchise Agreement.

4. Primary Owner. The Primary Owner shall be:_____.

5. Additional Terms:

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first above set forth.

**MONTESSORI SCHOOL
FRANCHISING LLC**

FRANCHISEE:

Signed:_____
By: Thomas J. Boehm
Title: President

Signed:_____
By:_____
Title:_____

**ACCEPTED LOCATION AND OPENING DATE SUPPLEMENT TO ADDENDUM TO
MONTESSORI SCHOOL FRANCHISING LLC FRANCHISE AGREEMENT**

This is a Supplement (“**Supplement**”) to the Addendum (“**Addendum**”) to the Montessori School Franchising LLC Franchise Agreement (the “**Agreement**”) by and between Montessori School Franchising LLC, hereinafter “**MSF**,” and the undersigned franchisee, hereinafter “**Franchisee**.”

In the Addendum to the Agreement, MSF and Franchisee did not designate a specific address for Franchisee’s Accepted Location and/or opening date for Franchisee’s Franchised Business.

1. MSF and Franchisee specified a nonexclusive Target Area and agreed that a specific address for the Accepted Location within that Target Area would be subsequently agreed upon between MSF and Franchisee. MSF and Franchisee have now reached an agreement as to the Accepted Location.

It is therefore agreed that the Accepted Location, referenced in Section 2.2 of the Agreement and Paragraph 1 of the Addendum, shall be:_____.

2. In the Addendum to the Agreement, MSF and Franchisee did not designate a specific opening date for the Franchised Business. MSF and Franchisee have now reached an agreement as to the opening date.

It is therefore agreed that the opening date, referenced in Paragraph 3 of the Addendum, shall be:_____.

3. The terms of this Supplement shall control over the conflicting terms of the Agreement, including the Addendum. In all other respects, the Agreement and the Addendum are ratified, affirmed and confirmed, and shall remain in full force and effect in their original form. All capitalized terms in this Supplement that are not defined herein shall have the meaning ascribed to them in the Agreement.

The parties have executed this Supplement as of the date set forth below each of their signatures below, to be made effective as of the Effective Date of the Agreement, regardless of the date signed.

**MONTESSORI SCHOOL
FRANCHISING LLC**

FRANCHISEE:_____

Signed _____

Signed _____

By: Thomas J. Boehm

By: _____

Title: President

Title: _____

Date: _____

Date: _____

By: _____

Title: _____

Date: _____

**ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This Agreement made as of the ____ day of _____, 20__ is by and between _____
(Franchisee), and _____
(Individual).

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 2018 (“**Franchise Agreement**”) by and between Franchisee and Montessori School Franchising LLC (“**Company**”); and

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

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

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

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

1. Trade Secrets and Confidential Information

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

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

b) For the purposes of this Agreement “**Confidential Information**” means technical and non-technical information used in or related to Montessori Kids Universe® Schools that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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

2. Confidentiality/Non-Disclosure

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

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

3. Non-Competition

a) During the term of Individual’s relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company’s trademark “Montessori Kids Universe” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Montessori Kids Universe® Schools or the Company’s uniform standards, methods, procedures and specifications for the establishment and operation of Montessori Kids Universe® Schools.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within a twenty-five (25) mile radius of the Franchisee's Franchised Business Facility or within Franchisee's Territory, whichever is greater without the express written consent of Franchisee.

c) For a two (2) year period following the term of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of Franchisee's Franchised Business Facility or within Franchisee's Territory, whichever is greater, or within twenty-five (25) miles of any other Montessori Kids Universe without the express written consent of Franchisee. For purposes of this Agreement, Franchisee's "Territory" is defined as:

d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any franchisee, employee or other business associate of Franchisee, Company or any other Montessori Kids Universe School to violate a confidentiality or nondisclosure agreement with, Franchisee, Company or any other Montessori Kids Universe School.

e) If Individual breaches any obligation under this Section 3 following the term of Individual's relationship with Franchisee, then the two (2) year period of each obligation shall start on the date that Individual is enjoined from such activity or ceases such activity, whichever is later.

4. Reasonableness of Restrictions

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

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

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law.

Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement

without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

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

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Palm Beach County, Florida. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

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

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

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

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

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

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

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

l) All capitalized terms not otherwise defined in this Agreement shall have the meaning ascribed to them in the Franchise Agreement.

INDIVIDUAL SIGNING CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY; AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS OF EARNINGS OR OTHERWISE HAVE BEEN MADE TO INDUCE THE SIGNING OF THIS AGREEMENT.

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

Executed by:

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Name Printed: _____

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given as of _____, in connection with that certain Franchise Agreement of even date herewith (which Franchise Agreement, as may have been modified, amended and/or supplemented in writing, is hereunder called the “**Franchise Agreement**”) by and between Montessori School Franchising LLC d/b/a Montessori Kids Universe as “**MSF**” and _____ as “**Franchisee**”.

For valuable consideration received, and as an inducement to MSF to enter into the Franchise Agreement, the undersigned (“**Guarantor**”) hereby unconditionally guarantees to MSF: (a) the full and timely performance by Franchisee of the Franchise Agreement and all terms, conditions and covenants thereof, and (b) the payment by Franchisee of royalties and all other sums payable by Franchisee under the Franchise Agreement.

Guarantor agrees that (1) the obligations shall be enforceable against Guarantor without the necessity for any suit or proceedings whatsoever against Franchisee, and without the necessity of any notice of nonpayment, nonperformance or nonobservance or any notice of acceptance of this Guaranty Agreement or any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives; (2) immediately upon each and every breach or default of the Franchise Agreement by Franchisee, whether before or during the term of the Franchise Agreement or thereafter (e.g., during any renewal term), without any notice to or demand upon Guarantor. Guarantor will (i) pay to MSF the sum or sums in arrears, (ii) pay to MSF all damages, including but not limited to any expenses, costs and fees incurred by MSF, that may be occasioned by Franchisee’s nonperformance, and (iii) comply with or perform all terms and conditions of the Franchise Agreement; (3) no extension, forbearance or leniency extended by MSF to Franchisee shall wholly or partially discharge Guarantor hereunder, notwithstanding that Guarantor had no notice of any breach or default of the Franchise Agreement or of any such leniency, forbearance or extension; (4) MSF and Franchisee, without notice to or consent by Guarantor, may at any time(s) enter into modifications, renewals, extensions, amendments and/or other agreements respecting the Franchise Agreement, and Guarantor shall not be wholly or partially released thereby, it being intended that Guarantor shall continue as guarantor with respect to the Franchise Agreement as so modified, renewed, extended, amended or otherwise affected and notwithstanding any transfer or assignment of the Franchise Agreement.

The obligations of Guarantor herein shall be co-extensive with those of Franchisee under the Franchise Agreement and shall remain in effect as long as Franchisee’s obligations under the Franchise Agreement are in effect.

This Guaranty Agreement is absolute and unconditioned and shall continue without being affected by any impairment, release or limitation of the liability of Franchisee or its estate in bankruptcy resulting from the operation of any present or future provision of the Bankruptcy Code of the United States or from the decision of any court interpreting the same. Guarantor further agrees to be bound by each and every obligation of Franchisee under the Franchise Agreement, with the same force and effect as if Guarantor were designed in and had executed the Franchise Agreement as Franchisee there under.

This Guaranty Agreement is a primary guaranty of payment and performance and shall not be subject to any counterclaim, set-off, deduction or defense. No failure or delay on the part of MSF in exercising any right or remedy under the Franchise Agreement and/or this Guaranty Agreement shall operate as a waiver thereof nor shall a single or partial exercise of any right or remedy preclude any other or further exercise thereof, and all rights and remedies of MSF hereunder and under the Franchise

Agreement shall be cumulative. Until all Franchisee's obligations under the Franchise Agreement are fully performed, Guarantor waives any rights that it may have against Franchisee by reason of Guarantor's compliance with the Guaranty Agreement, and subordinates any liability or indebtedness of Franchisee held by Guarantor to the obligations of Franchisee to MSF under the Franchise Agreement.

If Guarantor consists of more than one (1) person and/or entity, (a) this Guaranty Agreement shall be binding on all of them jointly and severally, and (b) notice to or from any of them will constitute notice to or from each of them.

Any notice or other communication to MSF may be addressed to Montessori School Franchising LLC, currently doing business at 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418, or such other address as may be designated by MSF by registered or certified mail, return receipt requested, and the time of rendition of such notice or other communication shall be when it is deposited in an official United States Mail receptacle, postage prepaid.

This Guaranty Agreement, which is to be governed by and construed in accordance with the laws of the State of Florida, shall also bind Guarantor's legal or personal representatives, heirs, successors and assigns (as the case may be) and inure to the benefit of MSF's successors and assigns and any other person or entity at any time having the rights of MSF under the Franchise Agreement.

Guarantor will forthwith pay to MSF all attorney's fees and disbursements incurred by MSF in connection with any breach or default by Franchisee under the Franchise Agreement and/or the enforcement of this Guaranty Agreement, in each instance whether or not suit is brought (and if suit is brought, through appeals and collection efforts). Any sums not paid to MSF when due hereunder will bear interest at the rate of eighteen percent (18%) per annum, from the due date until full payment is received by MSF.

As a further inducement to MSF to make and enter into the Franchise Agreement and in consideration thereof, Guarantor agrees that in any action or proceeding brought on, under or by virtue of this Guaranty Agreement, Guarantor shall and does hereby waive trial by jury and the benefit of any statute of limitations defense, and Guarantor agrees that the applicable courts of Florida may have jurisdiction over Guarantor upon appropriate service on Guarantor anywhere in the United States in a manner in accordance with the laws of Florida. Notwithstanding the foregoing, in the event MSF brings claims against Franchisee under the Franchise Agreement and against Guarantor under this Guaranty Agreement in the same action, the dispute resolution provisions set forth in Section 23 of the Franchise Agreement shall control and Guarantor consents to applicability of such terms to Guarantor. Without limiting the foregoing, Guarantor hereby irrevocably appoints Franchisee as Guarantor's agent for service of process related to this Guaranty Agreement.

The Guaranty Agreement contains the entire agreement between the parties with respect to the matters covered hereby, and Guarantor acknowledges that no agent, representative, salesman or officer of MSF has authority to make or has made any statement, agreement or representation, either oral or written, in connection herewith, modifying, adding to or changing the terms and conditions herein set forth. No customs or dealings between the parties shall be permitted to contradict or modify the terms hereof. This Guaranty Agreement shall not be construed more strictly against one party merely by reason of such party's preparation hereof.

If any provision of this Guaranty Agreement shall be held to be invalid or unenforceable, to the maximum extent possible the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall continue in full force and effect. Neither this Guaranty Agreement nor any of its provisions can be waived, modified or terminated orally, but only by a written instrument duly executed by or on behalf of the party against whom enforcement of any waiver, modification or termination is sought.

Guarantor fully and expressly intends that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court, which may be asked to consider the matter. This Guaranty shall be effective for the full Franchise Agreement term, including any extensions or renewals thereof.

GUARANTOR(S):

Signed

Print Name: _____

Address: _____ City _____ State: _____ Zip _____

Signed

Print Name: _____

Address: _____ City _____ State: _____ Zip _____

Signed

Print Name: _____

Address: _____ City _____ State: _____ Zip _____

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT

OWNERSHIP INFORMATION

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

_____ Sole Proprietorship
_____ Partnership
_____ Limited Liability Company
_____ Corporation

State of incorporation / organization / residence: _____

2. Owners. If Franchisee is a partnership, limited liability company or corporation:

Name Shares or Percentage of Ownership

3. Officers. If Franchisee is a limited liability company or corporation:

Name Title

Franchisee acknowledges that this Statement of Ownership applies to the Montessori Kids Universe School authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to MSF in writing.

Date

Name

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

TERRITORY

Franchisee's Territory (MSF to insert map and/or description in accordance with Section 2.4(b)):

ATTACHMENT 5 TO FRANCHISE AGREEMENT

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES AND PROVINCES

If any one of the following Riders to the Franchise Agreement for Specific States and Provinces (“**Riders**”) is checked as an “**Applicable Rider**” below, then that Rider shall be incorporated into the Franchise Agreement entered into by Montessori School Franchising LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider:

UNITED STATES

- ☐ California
- ☐ Illinois
- ☐ Maryland
- ☐ Minnesota
- ☐ New York
- ☐ North Dakota
- ☐ Rhode Island
- ☐ Virginia
- ☐ Washington

**MONTESSORI SCHOOL
FRANCHISING LLC**

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

This California Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

4. California Law

The California Department of Business Oversight requires that certain provisions contained in the Franchise Agreement be amended to be consistent with California law, including the California Franchise Investment Law. CAL. BUS. & PROF. CODE Section 31000 *et seq.* and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq.* To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

(a) Nonrenewal and Termination

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. The Federal Bankruptcy Code also provides rights to you concerning termination of the Franchise Agreement upon the occurrence of certain bankruptcy-related events. If the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.

(b) Franchise Termination and Release Agreements

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

(c) Liquidated Damages

If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damages clauses may be unenforceable.

(d) Covenants Not to Compete

If the Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement, the covenant may be unenforceable under California law.

(e) Venue

If the Franchise Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

(f) Governing Law

If the Franchise Agreement requires that it be governed by a state's law other than the State of California, the requirement may be unenforceable.

(g) **Arbitration**

The Franchise Agreement requires binding arbitration. The arbitration will occur in Palm Beach County, Florida with the costs being born by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5. **Alternate Channels of Distribution**

The Franchisor reserves the right to establish alternative channels of distribution within the Franchisee's Territory without compensation.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

FRANCHISEE:

Witness

By: _____

Name: _____

Title: _____

ILLINOIS RIDER TO THE FRANCHISE AGREEMENT

1. The following item must be included within the Franchise Agreement and shall replace the language that is in the Franchise Agreement:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 states that “any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.” This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Development Agreement.

2. Illinois law governs the Franchise Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding 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.”

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v), (w) and (x) of the Disclosure Document are amended to state “Illinois law”. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended accordingly.

5. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act of 1987.

6. Franchisor has posted a surety bond with the Illinois Attorney General equal to the Initial Franchise Fee multiplied by the number of units that franchisor projects to open this fiscal year in Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor’s financial condition.

7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of 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 hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

FRANCHISEE:

Witness

By: _____
Name: _____
Title: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Maryland Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

1. Section 4, **Renewal**, and Section 18, **Transferability of Interest**, are amended to add the following:

A general release required as a condition of the renewal or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The Franchise Agreement is amended to add: the following

Notwithstanding any provision of the Franchise Agreement to the contrary, nothing in the Agreement or any related agreement requiring you to assent to a release, estoppel, or waiver of liability is intended to nor act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 16, **Default and Termination**, is amended to add the following:

Bankruptcy as a ground for a termination of the Franchise Agreement may not be enforceable.

4. Section 23, **Dispute Resolution**, is amended to add the following:

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

5. Section 23, **Dispute Resolution**, is amended to add the following:

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

FRANCHISEE:

Witness

By: _____

Name: _____

Title: _____

MINNESOTA RIDER TO THE FRANCHISE AGREEMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

- Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (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 with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

FRANCHISEE:

Witness

By: _____

Name: _____

Title: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This New York Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

1. New York Law Modifications

The New York Department of Law requires that certain provisions contained in the Franchise Agreement be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following provisions those provisions are amended as follows:

(a) Release of Claims

If you are required in the Franchise Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, representation or action that would violate the General Business Law, regulation, rule or order under the Law, the release must exclude claims arising under the New York General Business Law, Article 33, Sections 680 through 695 and its regulations, and any acknowledgments are void. It is the intent of this provision that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

(b) Governing Law

If the Franchise Agreement requires that it be governed by a state's law other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Jurisdictional Requirements

Each provision of this Rider is effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Rider. This Rider has no force or effect if the jurisdictional requirements are not independently met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

By: _____
Name: _____
Title: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This North Dakota Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that the Franchise Agreement contains provisions that are inconsistent with the North Dakota law, those provisions are amended as follows:

(a) If you are required in the Franchise Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, the release excludes claims arising under the North Dakota Franchise Investment Law, and any acknowledgments are void as to claims under the Law.

(b) Covenants not to compete during the term or upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete, which is inconsistent with North Dakota law, the covenant may be unenforceable.

(c) If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void as to any claims under the North Dakota Franchise Investment Law.

(d) If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that the law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.

(e) If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon before the arbitration or if the parties cannot agree on a location, the arbitrator will determine the location.

(f) If the Franchise Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

(g) Any provision in the Franchise Agreement which requires you to consent to a waiver of exemplary and punitive damages will not apply to any claims brought under the North Dakota Franchise Investment Law.

2. Each provision of this Rider is effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law as to each provision are met independent of this Addendum. A provision of this Rider has no force or effect if the jurisdictional requirements are not met independent of this Rider. If this Rider is inconsistent with any terms of the Franchise Agreement, the terms of this Rider govern.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By:_____

Name:_____

Title:_____

FRANCHISEE:

Witness

By:_____

Name:_____

Title:_____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rhode Island Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

1. The Rhode Island Securities Division requires that certain provisions contained in the Franchise Agreement be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R. I. Gen. Law Ch. 395 Sec. 19-28.1-1 to 19-28.1-34 (the "Act"). To the extent that the Franchise Agreement contains provisions that are inconsistent with the Act, the provisions are amended:

(a) **Venue**

If the Franchise Agreement requires litigation or arbitration to be conducted in a forum other than the State of Rhode Island, the requirement is void under the Act.

(b) **Governing Law**

If the Franchise Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that this law conflicts with the Act, the Act will control.

2. Each provision of this Rider is effective only to the extent that the jurisdictional requirements of the Act applicable to the provision are met independent of this Rider. This Rider has no force or effect if the jurisdictional requirements are not independently met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

By: _____
Name: _____
Title: _____

VIRGINIA RIDER TO THE FRANCHISE AGREEMENT

This Virginia Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

1. The following is added to the end of Section 3.1:

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.

2. The following is added to the end of Section 16.2:

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

By: _____
Name: _____
Title: _____

WASHINGTON RIDER TO FRANCHISE AGREEMENT

This Washington Rider to Franchise Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Franchise Agreement as follows:

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

2. In any arbitration involving a franchise purchased in Washington, the arbitration site must be either in the State of Washington, or in a place mutually agreed upon when the dispute arises, or as determined by the arbitrator.

3. Upon a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW prevails.

4. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when signed as part of a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act or the right to a jury trial or other similar waivers of rights specifically granted under the Act are not be enforceable.

5. Transfer fees are collectable to the extent that they may reflect our reasonable estimated or actual costs in effecting a transfer.

6. If the Franchise Agreement contains a choice of law provision applying a state law which conflicts with the Washington Franchise Investment Protection Act shall control.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

FRANCHISEE:

Witness

By: _____

Name: _____

Title: _____

**EXHIBIT B
(TO DISCLOSURE DOCUMENT)**

MULTI-UNIT DEVELOPMENT AGREEMENT



MULTI-UNIT DEVELOPMENT AGREEMENT

Developer

MULTI-UNIT DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. INTRODUCTION.....	1
2. DEVELOPMENT AREA	2
3. DEVELOPMENT FEE	3
4. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING DEVELOPMENT RIGHTS	4
5. DEVELOPMENT EXECUTIVE	5
6. TERM	5
7. DEFAULT AND TERMINATION	5
8. TRANSFERABILITY	6
9. COVENANTS	7
10. NOTICES	8
11. INDEPENDENT CONTRACTOR RELATIONSHIP AND INDEMNIFICATION	8
12. MISCELLANEOUS	9
13. APPLICABLE LAW	10

EXHIBITS

I	ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT / DEVELOPMENT TIME SCHEDULE
II	RIDERS TO MULTI-UNIT DEVELOPMENT AGREEMENT FOR SPECIFIC STATES AND PROVINCES

MONTESSORI SCHOOL FRANCHISING LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “**Agreement**”) is made, entered into and effective as of the date determined in accordance with Section 12.G of this Agreement (the “**Effective Date**”). The parties to this Agreement are you, the undersigned, as the Developer, and us, Montessori School Franchising LLC, a Florida limited liability company. This Agreement is for a Montessori Kids Universe® School to be located at the address listed on the Addendum to this Agreement attached as Exhibit I (the “**Addendum**”).

1. INTRODUCTION

This Agreement has been written in an informal style to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations this Agreement covers before you sign it. In this Agreement, we refer to Montessori School Franchising LLC as “**we**” or “**MSF**.” We refer to you as “**you**,” or the “**Developer**.” If the Developer is a corporation or a partnership, you will notice certain provisions that are applicable to its shareholders or partners, upon whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as “owners.”

We have a system for the establishment and operation of early childhood education and childcare schools based on the implementation of a Montessori inspired curriculum for children from six (6) weeks to six (6) years of age, which we will refer to in this Agreement collectively as “**Montessori Kids Universe® Schools**” or “**Schools**,” or individually as a “**Montessori Kids Universe® School**” or a “**School**.” Montessori Kids Universe® Schools operate utilizing our proprietary system and concepts for the establishment, operation and promotion of education businesses and for the delivery of educational curriculum and programs, and related methods of doing business, which we refer to in this Agreement as the “**System**” and which we may modify, develop and supplement from time to time. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the mark MONTESSORI KIDS UNIVERSE®, and certain associated designs, artworks and logos, which we may change or add to from time to time (the “**Marks**”).

This Agreement is being presented to you because you desire to obtain the right to develop, own and be franchised to operate multiple Montessori Kids Universe® Schools. In signing this Agreement, you acknowledge your understanding of the importance of our standards and the necessity of complying with our standards and specifications in developing and opening multiple Montessori Kids Universe® Schools. You also acknowledge that you have conducted an independent investigation of the Montessori Kids Universe® School business, you have had ample opportunity to seek independent advice and recognize that, like any other business, the nature of it may change over time, that an investment in a Montessori Kids Universe® School involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any information as to the revenues, profits, or likelihood of success of the Montessori Kids Universe® School venture contemplated by this Agreement, other than as set forth in our Franchise Disclosure Document. You acknowledge that there have been no representations by us or our officers, directors, shareholders, employees, or agents, that are inconsistent with the statements made in our Franchise Disclosure Document or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement or in the financial information provided by you and your owners.

2. DEVELOPMENT AREA

- A. Subject to the terms and conditions of this Agreement and Developer's continuing performance hereof, we grant to you the exclusive right to establish the number of Montessori Kids Universe® Schools specified in the Addendum to this Agreement attached hereto as Exhibit I and incorporated herein by reference, in the area also specified in the Addendum (the "**Development Area**"). Developer accepts this grant and undertakes the obligation to develop and operate the Montessori Kids Universe® Schools in compliance with our standards.
- B. We limit each Multi Unit Development contract to a maximum of three (3) locations in total. However, with a successful track record of ownership a second group of three (3) locations may be available.
- C. Each Montessori Kids Universe® School shall be established and operated pursuant to a separate Franchise Agreement to be entered into between the parties. The term "**Franchise Agreement**" means the then-current form of Franchise Agreement used by us for granting franchises to Montessori Kids Universe® School franchisees, including all ancillary documents we may require. Developer agrees to comply with the terms of all Franchise Agreements between MSF and Developer as a part of its obligations hereunder and acknowledges that failure to execute and comply with its Franchise Agreements is a breach of this Agreement. Upon the execution of each Franchise Agreement, the terms and conditions of each Franchise Agreement shall control the establishment and operation of the applicable Montessori Kids Universe® School.
- D. At the time of signing this Agreement, Developer will identify a specific area or community within their Development Area within which they will select one (1) or more for potential sites for their first franchise location. Additionally, they will identify a second area or community within which they will select sites to be evaluated for the second, and if requested, their third location. With the signing of this Agreement, MSF will approve, in general, these areas for exclusive development. Once the specific location has been identified for additional franchise locations, if approved by MSF, MSF will provide a letter of approval for each additional site.

- E. We will not establish, nor will we grant a franchise to any other party to establish, additional Montessori Kids Universe® Schools using the Marks and System anywhere within the Development Area during the term, as defined in Article 6 below, of this Agreement. Notwithstanding the foregoing, there may be existing Franchise Agreements in effect as of the date of this Agreement under which we have granted rights to third parties to operate Montessori Kids Universe® Schools in the Development Area (the “**Existing Schools**”).

You agree and acknowledge that the Franchise Agreements for such Existing Schools may remain in effect, and nothing in this Agreement shall prevent, prohibit, or restrict the operations of such Existing Schools. We may renew the Franchise Agreements or enter into successor Franchise Agreements for any Existing Schools. In addition, subject to the exclusivity set forth in Section 2.A above, all rights reserved to us in each of the Franchise Agreements executed hereunder are reserved under this Agreement.

- F. This Agreement is not a franchise agreement and we do not grant you any franchise rights or other similar rights to use the Marks or System under this Agreement. You have no rights to license or subfranchise others to use the Marks or System. Other than the right to enter into Franchise Agreements, nothing in this Agreement grants you the right to enter into any agreement with respect to the Marks or System.

3. **DEVELOPMENT FEE**

A. Concurrently with the execution of this Agreement, you will pay us a development fee equal to the reduced Initial Franchise Fee for the number of Schools to be developed under this Agreement (the “**Development Fee**”) as consideration for the development rights granted herein. You will also pay us the full initial franchise fee for your first School (“**Initial Franchise Fee**”) and other initial fees for the first Montessori Kids Universe® School under the initial Franchise Agreement.

B. The Development Fee is due upon the signing this Agreement and not refundable under any conditions.

C. The Development Fee will be equal to the reduced Initial Franchise Fee for each School we grant you to open and develop under this Agreement as follows:

Franchise Agreement	Development Fee
Second Franchise Agreement	75% of the then current Initial Franchise Fee
Third Franchise Agreement	66% of the then current Initial Franchise Fee

Franchise Agreement	Development Fee
Fourth and Subsequent Franchise Agreements	50% of the then current Initial Franchise Fee

D. The Development Fee is due in full upon the signing this Agreement. You must sign our then current Franchise Agreement for each additional School on or before the date set forth in the Development Schedule for that School, which is typically not later than 24 months following the opening of the most recent School to be developed.

4. **DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING DEVELOPMENT RIGHTS**

A. You will be bound by and strictly follow the schedule for developing the Montessori Kids Universe® Schools set forth in the Addendum (the “**Development Schedule**”). Time is of the essence. By the date set forth under the Development Schedule for each applicable Montessori Kids Universe® School, you must exercise your development rights by entering into a Franchise Agreement with us for that Montessori Kids Universe® School. Further, you shall yourself continuously maintain in operation at least the number of Montessori Kids Universe® Schools set forth on the Development Schedule.

B. You will exercise your right for development of each Montessori Kids Universe® School by giving us written notice of your intention to develop such Montessori Kids Universe® School at least forty-five (45) days in advance of the deadline set forth in the Development Schedule for executing each Franchise Agreement. Subject to our approval, you must execute the then-current form of Franchise Agreement for the particular Montessori Kids Universe® School and pay the balance of the Initial Franchise Fee due at that time by the deadline set forth in the Development Schedule. We will execute a Franchise Agreement with you only if you are in compliance with all requirements and obligations of this Agreement and all other agreements between the parties, including the other individual Franchise Agreements. You acknowledge and agree that we will have the right to refuse to offer you the right to enter into a subsequent Franchise Agreement if we believe, in our sole discretion, that you do not have sufficient financial resources or other ability to properly develop and operate the proposed subsequent Montessori Kids Universe® School.

C. Each subsequent Franchise Agreement to be executed by you for each Montessori Kids Universe® School to be developed hereunder shall be in the form of Franchise Agreement then generally being offered to franchisees by us, which may contain terms substantially different than the terms of the initial Franchise Agreement and earlier subsequent Franchise Agreements. Notwithstanding the foregoing, we agree that the Initial Franchise Fee to be charged to you under each subsequent Franchise Agreement shall be determined in accordance with Section 3.C above. You acknowledge that we have the right, however, to charge the then current rates for all other initial fees and deposits, the royalty fees, product purchases, advertising contributions, and other fees, products and services offered to franchisees generally, or you specifically.

5. DEVELOPMENT EXECUTIVE

You agree to designate, in writing, an individual (hereinafter referred to as the “**Development Executive**”) who will be personally responsible for your development activities during the term of this Agreement, and who will devote his or her best efforts to the development of Montessori Kids Universe® Schools in the Development Area. You agree that the Development Executive shall be an owner, shareholder or partner of your business.

6. TERM

Unless sooner terminated in accordance with Article 6 of this Agreement, subject only to the right of first refusal set forth in Section 2.D of this Agreement, which shall survive the expiration hereof, the term of this Agreement and all rights granted to Developer shall expire on the earlier of (i) the date on which you execute the Franchise Agreement for the last of your Montessori Kids Universe® Schools to be developed hereunder; or (ii) the date of the deadline set forth in the Development Schedule for you to execute the Franchise Agreement for the last of your Montessori Kids Universe® Schools to be developed hereunder.

7. DEFAULT AND TERMINATION

A. The rights granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in this Agreement, including, without limitation, the condition that you strictly comply with the Development Schedule and each of your Franchise Agreements.

B. You shall be deemed in default and this Agreement may be terminated by us in the following circumstances:

(i) You default on any term or condition of this Agreement and fail to cure such default after thirty (30) days written notice to you; including without limitation, the failure to execute the required Franchise Agreements or maintain and operate the number of Montessori Kids Universe® Schools required by the Development Schedule set forth in the Addendum; or

(ii) You are in default under any of the Franchise Agreements executed in furtherance of this Agreement or any other agreement between us and you or any of your affiliates and fail to cure such default within the time periods specified in such other agreements.

C. Upon termination of this Agreement pursuant to Section 7.B above, all remaining development rights and the right of first refusal granted to you under this Agreement shall automatically be revoked and shall be null and void. You shall not be entitled to any refund of any portion of the Development Fee under any circumstances. You shall have no right to establish or operate any Montessori Kids Universe® School for which a Franchise Agreement has not been executed by the parties.

D. If this Agreement is terminated solely pursuant to Section 7.B.(i) above, MSF and Developer agree that such termination shall not constitute a default or result in a termination of any Franchise Agreements executed between the parties in effect as of the date of termination of this Agreement. In that case, those Franchise Agreements shall continue in full force and effect notwithstanding the termination of this Agreement.

MSF and Developer agree that any statements to the contrary in the Franchise Agreements executed by them, including any cross-default and cross-termination provisions, will be inapplicable in the situation of a termination of this Agreement based solely on Developer's failure to meet the Development Schedule.

E. No right or remedy herein conferred upon or reserved by MSF is exclusive of any other right or remedy provided or permitted by law or equity.

F. In the event of expiration or termination of this Agreement for any reason, you will remain subject to the provision of Article 9 of this Agreement regarding restrictive covenants and all other provisions of this Agreement that by their terms are intended to survive expiration and/or termination of this Agreement, and all terms and conditions of any and all Franchise Agreements executed in furtherance of this Agreement, whether or not any of such Franchise Agreements have been terminated prior to the termination of this Agreement.

8. TRANSFERABILITY

A. This Agreement is fully assignable by us and will inure to the benefit of any assignee or other legal successor in interest. If we assign this Agreement to a third party who expressly assumes our obligations under this Agreement, we will be relieved from any performance or other obligations under this Agreement.

C. This Agreement is entered into by us with specific reliance upon your personal experience, skills, and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and shall remain personal to you and you will not consent to or undertake a Transfer, as defined below, without our prior written consent, which consent can be withheld or conditioned in our sole and absolute discretion. As used herein, the term "**Transfer**" shall mean any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any ownership interest in it, or any rights or obligations arising under it, or of any material portion of Developer's assets, or of any interest in Developer. Our consent to the Transfer under this Agreement may be subject to the same conditions for a Transfer of the Franchise Agreement most recently executed between MSF and you, except that a different transfer fee will apply as stated below.

C. A condition of our approval of a Transfer of this Agreement is that you will Transfer all of your interest under this Agreement. You will not be permitted to Transfer any portion of this Agreement, such as the development rights of a particular School, separate and apart from the remainder of this Agreement. We will not approve any Transfer of this Agreement without the Transfer of the rights to all Franchise Agreements entered into between MSF and you hereunder. You and the transferee shall comply with the requirements under each Franchise Agreement entered into between MSF and you for the Transfer of each such Franchise Agreement, including the payment of the applicable transfer fee and any other fees due for each Franchise Agreement.

D. In the event of any proposed Transfer of this Agreement as described herein, you and/or the proposed transferee shall pay to us, in addition to any fees that apply related to the Transfer of any Franchise Agreements, a development rights transfer fee equal to \$10,000 for each Montessori Kids Universe® School remaining to be developed under this Agreement as of the date of the Transfer (the “**Development Rights Transfer Fee**”). The Development Rights Transfer Fee shall be payable in a lump sum to us as one of the pre-conditions to obtaining our written consent to a proposed Transfer. The Development Rights Transfer Fee paid to us will not be applied to the initial fees due for future Franchise Agreements to be executed by the transferee pursuant to this Agreement, but the transferee will receive credit for your earlier payment of the Development Fee as set forth herein.

E. You may Transfer one or more of the individual Franchise Agreements or any interest in those Franchise Agreements, or all or a substantial portion of the assets of your Montessori Kids Universe® Schools associated with such Franchise Agreements without a Transfer of your interest under this Agreement in accordance with the terms of each such Franchise Agreement, provided that the Montessori Kids Universe® School(s) associated with the Franchise Agreement(s) being Transferred are open and operating as of the date of the Transfer (a “**Franchise Transfer**”). In that event, (i) the Montessori Kids Universe® School(s) associated with the Franchise Transfer shall continue to be counted as Montessori Kids Universe® School(s) to be developed under this Agreement, (ii) the Franchise Agreement(s) associated with the Franchise Transfer shall continue to be included in the cumulative number of Montessori Kids Universe® Schools required to be opened and continuously operated in the Development Area, regardless of whether the applicable Franchise Agreement is transferred to the transferee or the transferee executes a new Franchise Agreement, (iii) the exclusive rights granted to you in this Agreement shall be modified to permit the transferee of the Franchise Transfer to operate in the Development Area, and (iv) a default by the transferee of the Franchise Agreement related to a Franchise Transfer shall constitute grounds for a default to be declared under this Agreement pursuant to Section 7.B.(ii) hereof.

9. COVENANTS

During the term of this Agreement, Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their immediate family members shall be subject to all restrictive covenants as set forth in the initial Franchise Agreement executed pursuant to this Agreement and in any Nondisclosure and Noncompetition Agreements executed in conjunction with the initial Franchise Agreement, which covenants by this reference

are incorporated herein. Upon termination of this Agreement, Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their respective immediate families, shall be subject to all restrictive covenants as set forth in the final Franchise Agreement executed hereunder, and in any Nondisclosure Agreements executed in conjunction with such Franchise Agreement. Until such time as the initial Franchise Agreement has been signed, all restrictive covenants as set forth in the franchise agreement and nondisclosure and noncompetition agreement attached to the latest version of the Franchise Disclosure Document delivered to Developer shall apply.

10. NOTICES

All written notices required or permitted to be given under this Agreement will be given in writing by hand delivery; by certified mail with return receipt requested; by express mail or overnight delivery service that provides evidence of delivery or attempted delivery; or by facsimile (“fax”). When made to the Developer, notice will be addressed to the address or fax number set forth on the Addendum and if to MSF, notice will be addressed to its principal place of business or fax number. Either party may change its address or number from time to time by written notice to the other party in accordance with this Article. Notice will be deemed given three (3) days after depositing in the United States mail, postage prepaid; one (1) day after depositing in express mail or overnight delivery; when received by hand delivery; or with proof of delivery by facsimile.

11. INDEPENDENT CONTRACTOR RELATIONSHIP AND INDEMNIFICATION

A. The parties agree that each of them is an independent businessperson or entity, their only relationship is by virtue of this Agreement and the Franchise Agreements between them, and that no fiduciary relationship is created hereby. Neither party is liable or responsible for the other’s debts or obligations, nor will either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party’s business authorized by or conducted pursuant to this Agreement. MSF and Developer agree that neither of them will hold itself out to be the agent, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other.

B. Developer agrees to indemnify, release, defend and hold MSF, its subsidiaries and affiliates, and its and their respective shareholders, directors, officers, employees, agents, successors and assignees (the “**Indemnified Parties**”) harmless against, and to reimburse them for all Claims, defined below, any and all third party obligations of Developer, and any and all claims, obligations and liabilities directly or indirectly arising out of this Agreement or the operation of any Montessori Kids Universe® Schools.

For purposes of this indemnification, “Claims” means all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. MSF will have the right to defend any such Claim against it. This indemnity will

continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12. MISCELLANEOUS

- A. No failure by us to exercise any power reserved to us in this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement.
- B. Our waiver of any particular default shall not affect or impair our right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of our right to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.
- C. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, that provision will be deemed modified to eliminate the invalid element and, as so modified, that provision will be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement will not be affected by such modification.
- D. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by or on behalf of Developer and by any of Developer's owners, directors, officers or employees shall be deemed jointly and severally undertaken by all such parties on Developer's behalf.
- E. This Agreement (which includes the riders, attachments and exhibits to this Agreement) contains the entire agreement and understanding between the parties and supersedes any and all prior agreements concerning its subject matter. We do not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. You acknowledge and agree that no representations have been made to you by us or our representatives regarding projected sales volumes, market potential, revenues, or profits of a Montessori Kids Universe® School. Additionally, you acknowledge and agree that, in entering into this Agreement, you are not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement, a Franchise Agreement between the parties, or in the franchise disclosure document provided to you. You agree and understand that we will not be liable or obligated for any oral

representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by us in the franchise disclosure document provided to you. This Agreement may be modified only upon execution of a written agreement between the parties.

- F. In the event of any conflict between the terms of this Agreement and the terms of any Franchise Agreement executed pursuant hereto, the terms of this Agreement shall control.
- G. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.
- H. This Agreement shall not be effective until accepted by us as evidenced by dating and signing of this Agreement by an officer.

13. APPLICABLE LAW

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY MSF AND, EXCEPT TO THE EXTENT GOVERNED BY UNITED STATES FEDERAL LAW, SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF FLORIDA.

B. MSF AND DEVELOPER AGREE THAT ANY DISPUTE BETWEEN THE PARTIES ARISING OUT OF THE TERMS OF THIS AGREEMENT SHALL BE GOVERNED BY THE APPLICABLE PROVISIONS OF THE LAST FRANCHISE AGREEMENT ENTERED INTO BETWEEN MSF AND DEVELOPER AT THE TIME OF THE DISPUTE, WHICH TERMS AND CONDITIONS ARE BY THIS REFERENCE INCORPORATED HEREIN, AND SHALL APPLY REGARDLESS OF WHETHER THE APPLICABLE FRANCHISE AGREEMENT IS IN FULL FORCE AND EFFECT AT THE TIME OF THE DISPUTE.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED BY MSF OR DEVELOPER BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR MSF'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

The parties have duly executed, sealed, and delivered this Agreement on this ____ day of _____, 20____.

MSF:

DEVELOPER:

Montessori School Franchising LLC

Company Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT I
TO MULTI-UNIT DEVELOPMENT AGREEMENT

ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

This is an Addendum (“**Addendum**”) to the certain Multi-Unit Development Agreement dated of even date (the “**Agreement**”) by and between Montessori School Franchising LLC, a Florida limited liability company (“**MSF**”), and the undersigned developer (“**Developer**”). This Addendum modifies the terms of the Agreement, and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum are controlling.

The parties agree as follows:

1. **Description of Development Area.** The Development Area, referenced in Section 2.A of the Agreement will be the geographical area described as follows: _____

2. **Number of Montessori Kids Universe® Schools.** The number of Montessori Kids Universe® Schools to be developed in the Development Area referenced in Section 2.A of the Agreement (including the Montessori Kids Universe® School under the initial Franchise Agreement) shall be: _____.

3. **Development Fee.** The Development Fee to be paid by Developer to MSF pursuant to Section 3.A of the Agreement shall be \$_____.

4. **Development Executive.** The designated Development Executive who will be responsible for your development activities is:

Print Name and Title

Address

City

State

Zip

Phone Number

Fax Number

5. **Development Schedule.** Developer acknowledges and agrees that a material provision of the Agreement is that it must execute Franchise Agreements for those Montessori Kids Universe® Schools set forth in Paragraph 2 of this Addendum and continuously operate those Montessori Kids Universe® Schools in accordance with the following Development Schedule:

DEVELOPMENT SCHEDULE

2nd location must open no later than twenty-four (24) months from the opening date of the first school.

3rd location must open no later than twenty-four (24) months from the opening date of the second school.

MSF:

Montessori School Franchising LLC

By: _____

Its: _____

Date: _____

DEVELOPER:

Company Name

By: _____

Its: _____

Date: _____

EXHIBIT II
TO MULTI-UNIT DEVELOPMENT AGREEMENT

RIDERS TO MULTI-UNIT DEVELOPMENT AGREEMENT FOR SPECIFIC STATES AND PROVINCES

If any one of the following Riders to the Multi-Unit Development Agreement for Specific States and Provinces (“**Riders**”) is checked as an “**Applicable Rider**” below, then that Rider shall be incorporated into the Multi-Unit Development Agreement entered into by Montessori School Franchising LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Multi-Unit Development Agreement.

Applicable Rider:

UNITED STATES

- ☐ California
- ☐ Illinois
- ☐ Maryland
- ☐ Minnesota
- ☐ New York
- ☐ North Dakota
- ☐ Rhode Island
- ☐ Virginia
- ☐ Washington

**MONTESSORI SCHOOL
FRANCHISING LLC**

FRANCHISEE (Print Name)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

CALIFORNIA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This California Rider to Multi-Unit Development Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. California Law

The California Department of Business Oversight requires that certain provisions contained in the Multi-Unit Development Agreement be amended to be consistent with California law, including the California Franchise Investment Law. CAL. BUS. & PROF. CODE Section 31000 *et seq.* and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq.* To the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

(a) Nonrenewal and Termination

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. The Federal Bankruptcy Code also provides rights to you concerning termination of the Multi-Unit Development Agreement upon the occurrence of certain bankruptcy-related events. If the Multi-Unit Development Agreement contains a provision that is inconsistent with these laws, these laws will control.

(c) Franchise Termination and Release Agreements

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

(c) Liquidated Damages

If the Multi-Unit Development Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damages clauses may be unenforceable.

(d) Covenants Not to Compete

If the Multi-Unit Development Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement, the covenant may be unenforceable under California law.

(g) Venue

If the Multi-Unit Development Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

(h) Governing Law

If the Multi-Unit Development Agreement requires that it be governed by a state's law other than the State of California, the requirement may be unenforceable.

(g) **Arbitration**

The Multi-Unit Development Agreement requires binding arbitration. The arbitration will occur in Palm Beach County, Florida with the costs being born by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

2. **Alternate Channels of Distribution**

The Franchisor reserves the right to establish alternative channels of distribution within the Franchisee's Territory without compensation.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

Witness

MULTI-UNIT DEVELOPER:

By: _____
Name: _____
Title: _____

ILLINOIS RIDER TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

This Illinois Rider to Multi-Unit Development Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. The following item must be included within the Multi-Unit Development Agreement and shall replace the language that is in the Multi-Unit Development Agreement:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Development Agreement.

2. Illinois law governs the Multi-Unit Development Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding 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."

4. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v), (w) and (x) of the Disclosure Document are amended to state "Illinois law". The appropriate sections of the Multi-Unit Development Agreement are amended accordingly.

5. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act of 1987.

6. Franchisor has posted a surety bond with the Illinois Attorney General equal to the Initial Franchise Fee multiplied by the number of units that franchisor projects to open this fiscal year in Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (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 hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

Witness

MULTI-UNIT DEVELOPER:

By: _____
Name: _____
Title: _____

MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Maryland Rider to Multi-Unit Development Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. Section 6, **Term**, and Section 8, **Transferability**, are amended to add the following:

A general release required as a condition of the renewal or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The Multi-Unit Development Agreement is amended to add: the following

Notwithstanding any provision of the Franchise Agreement to the contrary, nothing in the Agreement or any related agreement requiring you to assent to a release, estoppel, or waiver of liability is intended to nor act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 7, **Default and Termination**, is amended to add the following:

Bankruptcy as a ground for a termination of the Multi-Unit Development Agreement may not be enforceable.

4. Section 23, **Dispute Resolution**, is amended to add the following:

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

5. Section 13, **Applicable Law**, is amended to add the following:

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

MINNESOTA RIDER TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Multi-Unit Development Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (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 with the franchise.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied

by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This New York Rider to Multi-Unit Development Agreement is signed on _____, 20____ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. New York Law Modifications

The New York Department of Law requires that certain provisions contained in the Multi-Unit Development Agreement be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the following provisions those provisions are amended as follows:

(c) Release of Claims

If you are required in the Multi-Unit Development Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, representation or action that would violate the General Business Law, regulation, rule or order under the Law, the release must exclude claims arising under the New York General Business Law, Article 33, Sections 680 through 695 and its regulations, and any acknowledgments are void. It is the intent of this provision that the non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

(d) Governing Law

If the Multi-Unit Development Agreement requires that it be governed by a state's law other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon the Multi-Unit Developer under the New York General Business Law, Article 33, Sections 680 through 695.

3. Jurisdictional Requirements

Each provision of this Rider is effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Rider. This Rider has no force or effect if the jurisdictional requirements are not independently met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____

Name: _____

Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____

Name: _____

Title: _____

NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This North Dakota Rider to Multi-Unit Development Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

ITEM 2THE NORTH DAKOTA SECURITIES COMMISSIONER REQUIRES THAT CERTAIN PROVISIONS CONTAINED IN FRANCHISE DOCUMENTS BE AMENDED TO BE CONSISTENT WITH NORTH DAKOTA LAW, INCLUDING THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, NORTH DAKOTA CENTURY CODE ANNOTATED CHAPTER 51-19, SECTIONS 51-19-01 THROUGH 51-19-17 (1993). TO THE EXTENT THAT THE MULTI-UNIT DEVELOPMENT AGREEMENT CONTAINS PROVISIONS THAT ARE INCONSISTENT WITH THE NORTH DAKOTA LAW, THOSE PROVISIONS ARE AMENDED AS FOLLOWS:

(g) If you are required in the Multi-Unit Development Agreement to sign a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, the release excludes claims arising under the North Dakota Franchise Investment Law, and any acknowledgments are void as to claims under the Law.

(h) Covenants not to compete during the term or upon termination or expiration of the Multi-Unit Development Agreement are enforceable only under certain conditions according to North Dakota law. If the Multi-Unit Development Agreement contains a covenant not to compete, which is inconsistent with North Dakota law, the covenant may be unenforceable.

(i) If the Multi-Unit Development Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void as to any claims under the North Dakota Franchise Investment Law.

(j) If the Multi-Unit Development Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that the law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.

(k) If the Multi-Unit Development Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon before the arbitration or if the parties cannot agree on a location, the arbitrator will determine the location.

(l) If the Multi-Unit Development Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

(g) Any provision in the Multi-Unit Development Agreement which requires you to consent to a waiver of exemplary and punitive damages will not apply to any claims brought under the North Dakota Franchise Investment Law.

ITEM 3 EACH PROVISION OF THIS RIDER IS EFFECTIVE ONLY TO THE EXTENT THAT THE JURISDICTIONAL REQUIREMENTS OF THE NORTH DAKOTA FRANCHISE INVESTMENT LAW AS TO EACH PROVISION ARE MET INDEPENDENT OF THIS ADDENDUM. A PROVISION OF THIS RIDER HAS NO FORCE OR EFFECT IF THE JURISDICTIONAL REQUIREMENTS ARE NOT MET INDEPENDENT OF THIS RIDER. IF THIS RIDER IS INCONSISTENT WITH ANY TERMS OF THE MULTI-UNIT DEVELOPMENT AGREEMENT, THE TERMS OF THIS RIDER GOVERN.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rhode Island Rider to Multi-Unit Development Agreement is signed on _____, 20____ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. The Rhode Island Securities Division requires that certain provisions contained in the Multi-Unit Development Agreement be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R. I. Gen. Law Ch. 395 Sec. 19-28.1-1 to 19-28.1-34 (the "Act"). To the extent that the Multi-Unit Development Agreement contains provisions that are inconsistent with the Act, the provisions are amended:

(a) **Venue**

If the Multi-Unit Development Agreement requires litigation or arbitration to be conducted in a forum other than the State of Rhode Island, the requirement is void under the Act.

(b) **Governing Law**

If the Multi-Unit Development Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that this law conflicts with the Act, the Act will control.

3. Each provision of this Rider is effective only to the extent that the jurisdictional requirements of the Act applicable to the provision are met independent of this Rider. This Rider has no force or effect if the jurisdictional requirements are not independently met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

VIRGINIA RIDER TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

This Virginia Rider to Multi-Unit Development Agreement is signed on _____, 20__ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. The following is added to the end of Section 7:

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20__.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Washington Rider to Multi-Unit Development Agreement is signed on _____, 20____ between Montessori School Franchising LLC ("we," "us" or "our") and _____ ("you" or "your") to amend the Multi-Unit Development Agreement as follows:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Multi-Unit Development Agreement in your relationship with us including the areas of termination and renewal rights of your Franchise. There may also be court decisions that may supersede the Multi-Unit Development Agreement in your relationship with us including the areas of termination and renewal by us.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site must be either in the State of Washington, or in a place mutually agreed upon when the dispute arises, or as determined by the arbitrator.

3. Upon a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW prevails.

4. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when signed as part of a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act or the right to a jury trial or other similar waivers of rights specifically granted under the Act are not be enforceable.

2. Transfer fees are collectable to the extent that they may reflect our reasonable estimated or actual costs in effecting a transfer.

3. If the Multi-Unit Development Agreement contains a choice of law provision applying a state law which conflicts with the Washington Franchise Investment Protection Act shall control.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Rider dated this _____ day of _____, 20____.

ATTEST

MONTESSORI SCHOOL FRANCHISING LLC

Witness

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

Witness

By: _____
Name: _____
Title: _____

**EXHIBIT C
(TO DISCLOSURE DOCUMENT)**

CONDITIONAL ASSIGNMENT OF LEASE

CONDITIONAL ASSIGNMENT OF LEASE

THIS CONDITIONAL ASSIGNMENT OF LEASE (“Assignment”) is made as of this ____ day of _____, 20__ by and between _____, a _____ (“Assignor”), **MONTESSORI SCHOOL FRANCHISING LLC**, a Florida limited liability company (“Assignee”) and _____, a _____ (“Landlord”).

WHEREAS, Assignor is a tenant (“Tenant”) of certain property generally known as _____, located in the City of _____, State of _____ (“Property”), pursuant to a lease by and between Landlord and Assignor, dated _____, 20__ (the “Lease”);

WHEREAS, Assignor desires to construct, or have constructed by Landlord (whichever is applicable), and thereafter operate a Montessori Kids Universe® School under a certain franchise agreement between Assignor and Assignee (the “Franchise Agreement”); and

WHEREAS, as a condition to the grant of rights under the Franchise Agreement to Assignor, Assignee requires that Assignor enter into this Assignment.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby assigns all of its right, title and interest in and to the Lease and the Montessori Kids Universe® School to Assignee.

2. With the exception of Assignee’s rights under paragraph 3 below and Assignor’s and Landlord’s respective obligations, representations and covenants under paragraphs 3, 4, 8, 9 and 10 below, the Conditional Assignment of lease contemplated hereunder is expressly conditioned upon, and shall not be effective and Assignee shall have no right to pursue any remedy hereunder unless and until:

(a) Default by Assignor under the terms of the Lease, which default (i) is not cured by Assignor within the time limits provided therein or (ii) results in a demand for performance by Assignee under any guaranty of the Lease; or

(b) Default by Assignor under the terms of the Franchise Agreement or under any document or instrument securing the Franchise Agreement, which default is not cured by Assignor within the time limits provided therein; or

(c) Voluntary institution of any insolvency or bankruptcy proceedings as a debtor or involuntary insolvency or bankruptcy proceedings brought against Assignor which are not dismissed within 60 days of the filing thereof; or

(d) Discontinuation by the Assignor of operation of the Montessori Kids Universe® School to be located on the Property, whether voluntarily or involuntarily; or

(e) Nonrenewal by Assignor of the Franchise Agreement; or

(f) Nonrenewal by Assignor of the Lease.

3. During the term of the Lease, Landlord agrees to give Assignee written notice of all defaults of Assignor concurrently with the giving of such notice to Assignor. Landlord further agrees to give Assignee a 30-day period to cure such default, or 10 days after the period provided to the Assignor in the Lease, whichever period shall be longer.

4. In the event Assignee expends sums to cure a default, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of 1.5 percent per month, or the highest rate allowed by law. Nothing herein shall obligate Assignee to cure any such default, unless Assignee elects to assume the Lease pursuant to Section 5 below.

5. The date upon which the assignment shall be effective (the “**Effective Date**”), is the date upon which Landlord and Assignor receive written notice from Assignee that:

(a) Assignee will cure all prior defaults of Assignor in the Lease in which Landlord has given notice to Assignee pursuant to the provisions of paragraph 3 above, and that Assignee will assume the Lease; or

(b) The events described in any of subsections 2(b), 2(c), 2(d), 2(e) or 2(f) above have occurred and that Assignee will assume the Lease.

6. As of the Effective Date, Assignee will assume all rights, duties, responsibilities and obligations of Assignor arising on or after the Effective Date pursuant to the terms and provisions of the Lease.

7. Landlord hereby consents to the terms and provisions of this Assignment, and to the assignment of the Lease to Assignee. Landlord further agrees that after the Effective Date, Assignee may (i) enter into a sublease or assignment of the Lease with any Montessori Kids Universe® School franchisee who will operate the Montessori Kids Universe® School located on the Property without Landlord’s further consent, or (ii) further assign the Lease to a person, firm or corporation who shall agree to assume the tenant’s obligations under the Lease and who is acceptable to Landlord. Landlord further agrees that upon the occurrence of any such assignment, Assignee shall have no further liability or obligation under the Lease as Assignee, tenant or otherwise, and that concurrent with such assignment, Landlord will enter into a replacement Conditional Assignment of Lease by and between Assignee and the new tenant.

8. Assignor agrees to indemnify and hold harmless Assignee from any loss, liability, cost or expense incurred or suffered by Assignee under this Assignment.

9. Assignor and Landlord agree not to allow any surrender, amendment, modification or termination of the Lease without the prior written consent of Assignee. Throughout the term of the Lease, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days prior to the last day said option must be exercised, unless Assignee otherwise agrees in writing. Upon Assignee's failure otherwise to agree in writing, and upon the failure of Assignor to elect to extend or renew the Lease, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal option in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

10. Assignor represents and warrants to Assignee that it has the full power and authority to assign the Lease and its interests therein and that Assignor has not previously assigned, transferred or pledged, and is not otherwise obligated to assign, transfer or pledge, any of its interests in the Lease or the leasehold estate created thereby.

11. All notices or demands required hereunder shall be made in writing and shall be deemed to be fully given when deposited in the U.S. certified mail, postage prepaid, return receipt requested or when sent via Federal Express or similar overnight courier to:

Assignee:

Montessori School Franchising LLC
4521 PGA Boulevard, Suite 156
Palm Beach Gardens, FL 33418

Assignor:

Landlord:

12. Should any one or more of the provisions hereof be determined to be illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

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

WITNESS/ATTEST:

ASSIGNOR:

By: _____

Title: _____

Date: _____

WITNESS/ATTEST:

ASSIGNEE:

MONTESSORI SCHOOL FRANCHISING LLC

By: _____

Title: _____

Date: _____

WITNESS/ATTEST:

LANDLORD:

By: _____

Title: _____

Date: _____

**EXHIBIT D
(TO DISCLOSURE DOCUMENT)**

FORM OF GENERAL RELEASE

THE FOLLOWING FORM OF GENERAL RELEASE AGREEMENT IS A SAMPLE OF OUR CURRENT FORM OF GENERAL RELEASE AGREEMENT. THIS AGREEMENT IS OFTEN MODIFIED TO CONFORM TO THE FACTS SURROUNDING THE EVENT OR INCORPORATED INTO A LARGER AGREEMENT WHICH MORE PRECISELY ADDRESSES THE EVENT. WE MAKE NO REPRESENTATION OR GUARANTY THAT THE GENERAL RELEASE AGREEMENT YOU MAY BE REQUIRED TO SIGN WILL BE IDENTICAL TO THE GENERAL RELEASE AGREEMENT SET FORTH BELOW.

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this “**Agreement**”) is made as of _____, 20____ by and between MONTESSORI SCHOOL FRANCHISING, LLC, a Florida limited liability company (“**MSF**”) and _____, a(n) _____ (“**Franchisee**”).

RECITALS

- A. MSF and Franchisee entered into that certain Franchise Agreement dated _____, 20____, (the “**Franchise Agreement**”).
- B. Franchisee desires to _____ its rights and obligations under Franchise Agreement.
- C. As a condition to the _____ of Franchisee’s rights and obligations under the Franchise Agreement, MSF requires Franchisee to execute this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the terms and conditions set forth below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Release. Franchisee, for itself, its principals, owners, directors, officers, employees, heirs, assigns, agents and representatives, fully and forever unconditionally releases and discharges MSF, and its shareholders, directors, officers, employees, successors, assigns, agents and representatives (collectively referred to as “**MSF’s Affiliates**”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against MSF or the MSF’s Affiliates or which it may discover hereafter, in connection with, as a result of, or in any way arising from, any relationship or transaction with MSF or the MSF’s Affiliates, however characterized or described, from the beginning of time until the date of this Agreement.

2. Notice. Any notice, request, demand, statement or consent made under this Agreement shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, and shall be deemed given when personally delivered or three days after deposit in the United States Mail, postage prepaid, and properly addressed to the other party at its address as set forth below. Each party may designate a change of address by notice to the other party in accordance with this Section.

If to Franchisee:

If to MSF:

Montessori School Franchising, LLC
4521 PGA Boulevard, Suite 156
Palm Beach Gardens, Florida 33418

3. Florida Laws. This Agreement shall be interpreted by the laws of the State of Florida. Should any provision of this Agreement be found to violate the statutes or court decisions of the State of Florida or of the United States, that provision shall be deemed to be amended to comply with and conform to such statutes or court decisions to affect the intent of the parties hereto.

4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, trustees, receivers, personal representatives, legatees and devisees of the parties.

5. Attorneys' Fees. Each party shall be responsible for paying its and his or her own costs and expenses incurred in the preparation of this Agreement. However, in the event of any litigation between the parties based upon an alleged breach or default in their respective obligations to be fulfilled pursuant to this Agreement, the prevailing party in the action shall be entitled to recover attorney's fees and court costs from the non-prevailing party(ies).

6. Entirety. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings related to the subject matter hereof.

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

MSF:

FRANCHISEE:

**MONTESORI SCHOOL
FRANCHISING, LLC**

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT E
(TO DISCLOSURE DOCUMENT)

OPERATIONS MANUAL TABLE OF CONTENTS

Manual Section	# of Pages
A - Preface & Introduction	16
B - Establishing A Montessori Kids Universe Business	84
C - Managing A Montessori Kids Universe Business	41
D - Personnel	79
E - Daily Procedures	149
F - Advertising	35
Total Number of Pages	404

EXHIBIT F
(TO DISCLOSURE DOCUMENT)

FINANCIAL STATEMENTS

MONTESSORI SCHOOL FRANCHISING LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE THREE YEARS ENDED
DECEMBER 31, 2024



DASH Business Solutions, LLC
1127 Royal Palm Beach Blvd #408
Royal Palm Beach, FL 33411
561.247.5303
info@dash.cpa

MONTESSORI SCHOOL FRANCHISING LLC

Table of Contents

	Page
Independent Auditor’s Report.....	1-2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Members’ Equity.....	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-11

DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Montessori School Franchising LLC

Opinion

We have audited the accompanying financial statements of Montessori School Franchising LLC, which comprise the balance sheets as of December 31, 2024, and the related statements of operations, members' equity, and cash flows for the three years 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 Montessori School Franchising LLC as of December 31, 2024, and the results of its operations and its cash flows for the three years then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

The audit was conducted 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. The auditor is required to be independent of Montessori School Franchising LLC and meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the 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 generally accepted accounting principles 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 Montessori School Franchising LLC'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 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.

DASH Business Solutions, LLC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Montessori School Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montessori School Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
May 9, 2025

MONTESSORI SCHOOL FRANCHISING LLC

	Balance Sheets		
	December 31		
	2024	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 496	\$ 46,706	\$ 2,587
Total Current Assets	<u>496</u>	<u>46,706</u>	<u>2,587</u>
Other Assets			
Due From Affiliate	75,148	48,289	-
Due From Shareholder	<u>388,850</u>	<u>388,850</u>	<u>388,850</u>
Total Other Assets	<u>463,998</u>	<u>437,139</u>	<u>388,850</u>
TOTAL ASSETS	<u>\$ 464,494</u>	<u>\$ 483,845</u>	<u>\$ 391,437</u>
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	\$ 85,075	\$ 42,908	\$ 43,032
Refunds Payable	-	58,050	-
Deferred Revenue, current portion	33,635	33,635	33,635
SBA Loan, current portion	<u>27,133</u>	<u>27,133</u>	<u>27,133</u>
Total Current Liabilities	<u>145,843</u>	<u>161,726</u>	<u>103,800</u>
Long-Term Liabilities			
Deferred Franchise Revenue	302,715	336,350	369,985
Line of Credit	22,124	-	36,314
SBA Loan	<u>59,059</u>	<u>82,615</u>	<u>105,102</u>
Total Long-Term Liabilities	<u>383,898</u>	<u>418,965</u>	<u>511,401</u>
Total Liabilities	<u>529,741</u>	<u>580,691</u>	<u>615,201</u>
Members' Equity			
Retained Earnings	<u>(65,247)</u>	<u>(96,846)</u>	<u>(223,764)</u>
Members' Equity	<u>(65,247)</u>	<u>(96,846)</u>	<u>(223,764)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 464,494</u>	<u>\$ 483,845</u>	<u>\$ 391,437</u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Operations For The Years Ended December 31

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Franchise Fees	\$ 769,135	\$ 185,780	\$ 458,623
Royalties	1,334,280	1,831,917	800,880
Marketing Revenue	1,378	97,225	-
Other Revenue	1,200	1,403	188,511
Total Revenues	<u>2,105,993</u>	<u>2,116,325</u>	<u>1,448,014</u>
Expenses			
Advertising and Marketing	147,140	111,762	101,117
Bank and Merchant Charges	4,704	8,804	10,262
Broker Commissions	46,285	105,427	-
Computer Expenses	6,973	6,682	19,772
Contract Labor	54,459	83,392	832
Insurance	71,742	49,138	35,660
Licenses	588	588	1,272
Meals and Travel	182,067	139,087	100,669
Miscellaneous	12,913	6,516	35,267
Office Expenses	233,628	129,249	50,686
Payroll - Wages	503,754	387,397	271,954
Payroll - Taxes	37,241	32,086	19,270
Professional Fees	74,969	88,563	94,291
Repairs and Maintenance	57,159	8,019	6,265
Utilities	33,831	20,787	13,373
Total Expenses	<u>1,467,453</u>	<u>1,177,497</u>	<u>760,690</u>
Operating Income	<u>638,540</u>	<u>938,828</u>	<u>687,324</u>
Other Expenses			
Interest Expense	18,539	20,978	25,138
Income Tax Expense	7,397	14,900	22,701
Depreciation Expense	-	-	1,240
Total Other Expenses	<u>25,936</u>	<u>35,878</u>	<u>49,079</u>
Net Income	<u><u>\$ 612,604</u></u>	<u><u>\$ 902,950</u></u>	<u><u>\$ 638,245</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Changes in Members' Equity For The Three Years Ended December 31, 2024

Equity at January 1, 2022	\$ (304,073)
Members' Distributions	(557,936)
Net Income (Loss)	<u>638,245</u>
Equity at December 31, 2022	<u><u>\$ (223,764)</u></u>
Equity at January 1, 2023	\$ (223,764)
Members' Distributions	(776,032)
Net Income (Loss)	<u>902,950</u>
Equity at December 31, 2023	<u><u>\$ (96,846)</u></u>
Equity at January 1, 2024	\$ (96,846)
Members' Distributions	(581,005)
Net Income (Loss)	<u>612,604</u>
Equity at December 31, 2024	<u><u>\$ (65,247)</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Cash Flows For The Three Years Ended December 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities:</u>			
Net Income (Loss)	\$ 612,604	\$ 902,950	\$ 638,245
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	-	-	1,240
Changes in Assets and Liabilities			
(Increase) Decrease in Receivables	(26,859)	(48,289)	7,420
Increase (Decrease) in Accounts Payable	42,167	(124)	26,257
Increase (Decrease) in Refunds Payable	(58,050)	58,050	-
Increase (Decrease) in Deferred Revenue	(33,635)	(33,635)	(33,635)
Net Cash Provided by Operating Activities	<u>536,227</u>	<u>878,952</u>	<u>639,527</u>
<u>Cash Flows From Investing Activities:</u>			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows From Financing Activities:</u>			
Proceeds From Long Term Debt	22,124	-	33,114
Principal Repayments of Long Term Debt	(23,556)	(58,801)	(33,303)
Loan Forgiveness	-	-	(79,000)
Members' Distributions	(581,005)	(776,032)	(557,936)
Net Cash Provided by Financing Activities	<u>(582,437)</u>	<u>(834,833)</u>	<u>(637,125)</u>
Net Change in Cash	(46,210)	44,119	2,402
Cash - Beginning of Period	<u>46,706</u>	<u>2,587</u>	<u>185</u>
Cash - End of Period	<u>\$ 496</u>	<u>\$ 46,706</u>	<u>\$ 2,587</u>
 <u>Supplementary Disclosures Of Cash Flows</u>			
Cash Paid For Interest	\$ 18,539	\$ 20,978	\$ 25,138
Cash Paid For Income Taxes	\$ 7,397	\$ 14,900	\$ 22,701

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Montessori School Franchising LLC (the “Company”) was formed on December 6, 2012 as a Florida limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of Montessori Kids Universe, an early-childhood school based on Montessori principles of teaching.

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

Financial Instruments

For certain of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Concentration of Risk

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

Advertising Costs

The Company expenses advertising costs as they are incurred.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, the Company had no accounts receivable and had no allowance for uncollectible accounts.

Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee based on the fifteen-year contract term. The Modified Retrospective Approach to ASC 606 was implemented during the year ending December 31, 2020. During the year ending December 31, 2021, the Company determined they have performed all obligations upon opening of the franchise location and modified the recognition of current and future franchise fees. Beginning January 1, 2021, all franchise fees will be recognized in full upon receipt. There were no changes to prior year deferrals.

The Company’s revenues consist of fees from franchises such as initial franchise fees, royalties, marketing revenue, and other fees. The initial franchise fees are deferred revenue and recognized each year for fifteen years including the year the franchise opens for all years prior to the year ending December 31, 2021. For the year ending December 31, 2021 and all subsequent years, all franchise fees will be recognized when received. The royalty revenue, marketing revenue, and other fees are recognized when earned, and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document for a period of fifteen years. The initial franchise fee is not refundable, is collected upon contract signing, and future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract prior to the fifteen-year period, the remainder of the initial franchise fee is recognized in the year of termination.

Subsequent Events

Management has reviewed and evaluated subsequent events through May 9, 2025, the date on which the financial statements were issued.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Florida and classified as a partnership for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the partner members. Therefore, there is no provision for federal and state income taxes. The income tax expense is attributable to taxes calculated on revenue in states that require the calculation and payment for registration and continued sales of franchises in the state. The Company follows the guidance under Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes, which 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 members. The Company has not identified any uncertain tax positions for the three years ending December 31, 2024. 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.

NOTE 2 - RECLASSIFICATIONS

Certain reclassifications and combinations have been made for the purpose of conformity and comparability. The changes and adjustments do not have a material effect on the financial statements, they are not substantial, and they do not warrant re-issuance of the financial statements.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 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.

NOTE 4 - AFFILIATE LOANS

During the ordinary course of business, the Company enters into transactions with related parties primarily due to short term advances and cost reimbursements. The amounts are reflected on the balance sheet as affiliate loan assets and/or affiliate loan liabilities and are expected to be repaid during the subsequent year. There are no written terms of repayment and no interest charged. Any amounts outstanding after the subsequent twelve months will be included in a formal note with an imputed interest rate, if applicable.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 5 - DEFERRED REVENUE

As stated in Note 1, under ASC 606, franchisor may recognize franchise fee revenue when the franchisor has substantially performed all services required to earn the initial franchise fee, or if pre-opening activities contain any distinct goods or services that can be allocated from the initial franchise fee. Management has determined that revenue from the initial franchise fees should be recognized equally over a fifteen-year period beginning in the year the franchise opens. The amounts in deferred revenue on the balance sheet consists of the current portion of \$33,635 that will be recognized each year until the amount is exhausted. The Company has updated the franchise fee recognition policy for the year ending December 31, 2021 and subsequent years, and there will be no future additions to deferred revenue.

NOTE 6 - FIXED ASSETS

The Company has fixed assets consisting of equipment and website, with an original cost of \$11,461. The depreciation was calculated using the straight-line method over the useful life of the asset, as determined by management. For the year ending December 31, 2022, depreciation expense was \$1,240, and the assets have been fully depreciated.

NOTE 7 - OTHER ASSETS

The Company has a long-term receivable, classified in Other Assets, consisting of amounts due from members. There is no formal note, no interest, and the balance has not been discounted. The amounts are expected to be reclassified as member distributions as allowable over the next five years. There is no formal note, no interest, and the balance has not been discounted. The amount is an accumulation of expenses paid on behalf of the affiliate. During the year ending December 31, 2022, the receivable from an affiliate has been reclassified to member distributions as management determined it will not be repaid. During the year ending December 31, 2024, the amounts due from affiliates of the Company are \$75,148.

NOTE 8 - LONG-TERM LIABILITIES

The long-term liabilities of the Company at December 31, 2024 include a note payable to the Small Business Administration (SBA), a line of credit, and deferred franchise revenue. The line of credit has an interest rate of 19.5% with no maturity date, and repayments are based on draw amounts. There is no current portion allocated for the line of credit. The SBA loan originated September 28, 2018 in the amount of \$200,000 and has a repayment term of 120 months, maturity date of October 2028 with an interest rate of 6%. The estimated principal repayment for the three years ending December 31, 2024 of \$27,133 is identified in the current liabilities section. The remaining balance is classified as a long-term liability. There is no collateral for any of the long-term liabilities.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 9 - OTHER REVENUE

The Company's Other Revenue for the years ending December 31, 2024 and 2023 includes interest income earned on business bank accounts. For the year ending December 31, 2022, Other Revenue includes forgiveness of Payroll Protection Loans of \$68,480. The payroll protection loans were part of a nontaxable grant by legislation and repayment is not required.

NOTE 10 - FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchise's franchise development business.
- B. The franchise is obligated to pay a non-refundable initial franchise fee.
- C. The franchise is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. All other terms of the Franchise Disclosure Document.

MONTESORI SCHOOL FRANCHISING LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE THREE YEARS ENDED
DECEMBER 31, 2023

MONTESSORI SCHOOL FRANCHISING LLC

Table of Contents

	Page
Independent Auditor’s Report.....	1-2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Members’ Equity.....	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-11

DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Montessori School Franchising LLC

Opinion

We have audited the accompanying financial statements of Montessori School Franchising LLC, which comprise the balance sheets as of December 31, 2023, and the related statements of operations, members' equity, and cash flows for the three years 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 Montessori School Franchising LLC as of December 31, 2023, and the results of its operations and its cash flows for the three years then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

The audit was conducted 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. The auditor is required to be independent of Montessori School Franchising LLC and meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the 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 generally accepted accounting principles 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 Montessori School Franchising LLC'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 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.

DASH Business Solutions, LLC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Montessori School Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montessori School Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
April 19, 2024

MONTESSORI SCHOOL FRANCHISING LLC

	Balance Sheets December 31		
	2023	2022	2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 46,706	\$ 2,587	\$ 185
Total Current Assets	<u>46,706</u>	<u>2,587</u>	<u>185</u>
Fixed Assets			
Furniture and Fixtures, Net	-	-	1,240
Total Fixed Assets	<u>-</u>	<u>-</u>	<u>1,240</u>
Other Assets			
Due From Affiliate	48,289	-	7,420
Due From Shareholder	388,850	388,850	388,850
Total Other Assets	<u>437,139</u>	<u>388,850</u>	<u>396,270</u>
TOTAL ASSETS	<u>\$ 483,845</u>	<u>\$ 391,437</u>	<u>\$ 397,695</u>
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	\$ 42,908	\$ 43,032	\$ 16,775
Refunds Payable	58,050	-	-
Deferred Revenue, current portion	33,635	33,635	33,635
SBA Loan, current portion	27,133	27,133	27,133
Total Current Liabilities	<u>161,726</u>	<u>103,800</u>	<u>77,543</u>
Long-Term Liabilities			
Deferred Franchise Revenue	336,350	369,985	403,620
Payroll Protection Loan	-	-	79,000
Line of Credit	-	36,314	3,200
SBA Loan	82,615	105,102	138,405
Total Long-Term Liabilities	<u>418,965</u>	<u>511,401</u>	<u>624,225</u>
Total Liabilities	<u>580,691</u>	<u>615,201</u>	<u>701,768</u>
Members' Equity			
Retained Earnings	(96,846)	(223,764)	(304,073)
Members' Equity	<u>(96,846)</u>	<u>(223,764)</u>	<u>(304,073)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 483,845</u>	<u>\$ 391,437</u>	<u>\$ 397,695</u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Operations For The Years Ended December 31

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues			
Franchise Fees	\$ 185,780	\$ 458,623	\$ 241,385
Royalties	1,831,917	800,880	449,169
Marketing Revenue	97,225	-	25,850
Other Revenue	1,403	188,511	209,038
Total Revenues	<u>2,116,325</u>	<u>1,448,014</u>	<u>925,442</u>
Expenses			
Advertising and Marketing	111,762	101,117	102,095
Bank and Merchant Charges	8,804	10,262	8,020
Broker Commissions	105,427	-	5,250
Computer Expenses	6,682	19,772	7,923
Contract Labor	83,392	832	15,113
Insurance	49,138	35,660	25,848
Licenses	588	1,272	1,078
Meals and Travel	139,087	100,669	76,853
Miscellaneous	6,516	35,267	521
Office Expenses	129,249	50,686	41,233
Payroll - Wages	387,397	271,954	183,674
Payroll - Taxes	32,086	19,270	14,528
Professional Fees	88,563	94,291	38,781
Repairs and Maintenance	8,019	6,265	3,448
Utilities	20,787	13,373	14,633
Total Expenses	<u>1,177,497</u>	<u>760,690</u>	<u>538,998</u>
Operating Income	<u>938,828</u>	<u>687,324</u>	<u>386,444</u>
Other Expenses			
Interest Expense	20,978	25,138	939
Income Tax Expense	14,900	22,701	3,797
Depreciation Expense	-	1,240	1,968
Total Other Expenses	<u>35,878</u>	<u>49,079</u>	<u>6,704</u>
Net Income	<u><u>\$ 902,950</u></u>	<u><u>\$ 638,245</u></u>	<u><u>\$ 379,740</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Changes in Members' Equity For The Years Ended December 31

Equity at January 1, 2021	\$ (389,375)
Members' Distributions	(294,438)
Net Income (Loss)	<u>379,740</u>
Equity at December 31, 2021	<u><u>\$ (304,073)</u></u>
Equity at January 1, 2022	\$ (304,073)
Members' Distributions	(557,936)
Net Income (Loss)	<u>638,245</u>
Equity at December 31, 2022	<u><u>\$ (223,764)</u></u>
Equity at January 1, 2023	\$ (223,764)
Members' Distributions	(776,032)
Net Income (Loss)	<u>902,950</u>
Equity at December 31, 2023	<u><u>\$ (96,846)</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Cash Flows For The Three Years Ended December 31, 2023

	2023	2022	2021
<u>Cash Flows From Operating Activities:</u>			
Net Income (Loss)	\$ 902,950	\$ 638,245	\$ 379,740
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	-	1,240	1,968
Changes in Assets and Liabilities			
(Increase) Decrease in Receivables	(48,289)	7,420	(962)
Increase (Decrease) in Accounts Payable	(124)	26,257	10,282
Increase (Decrease) in Refunds Payable	58,050	-	-
Increase (Decrease) in Deferred Revenue	(33,635)	(33,635)	(102,115)
Net Cash Provided by Operating Activities	<u>878,952</u>	<u>639,527</u>	<u>288,913</u>
<u>Cash Flows From Investing Activities:</u>			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows From Financing Activities:</u>			
Proceeds From Long Term Debt	-	33,114	3,200
Principal Repayments of Long Term Debt	(58,801)	(33,303)	(2,261)
Loan Forgiveness	-	(79,000)	-
Members' Distributions	(776,032)	(557,936)	(294,438)
Net Cash Provided by Financing Activities	<u>(834,833)</u>	<u>(637,125)</u>	<u>(293,499)</u>
Net Change in Cash	44,119	2,402	(4,586)
Cash - Beginning of Period	<u>2,587</u>	<u>185</u>	<u>4,771</u>
Cash - End of Period	<u><u>\$ 46,706</u></u>	<u><u>\$ 2,587</u></u>	<u><u>\$ 185</u></u>
 Supplementary Disclosures Of Cash Flows			
Cash Paid For Interest	\$ 20,978	\$ 25,138	\$ 939
Cash Paid For Income Taxes	\$ 14,900	\$ 12,044	\$ 3,797

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Montessori School Franchising LLC (the “Company”) was formed on December 6, 2012 as a Florida limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of Montessori Kids Universe, an early-childhood school based on Montessori principles of teaching.

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions.

Financial Instruments

For certain of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Concentration of Risk

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

Advertising Costs

The Company expenses advertising costs as they are incurred.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2023, the Company had no accounts receivable and had no allowance for uncollectible accounts.

Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee based on the fifteen-year contract term. The Modified Retrospective Approach to ASC 606 was implemented during the year ending December 31, 2020. During the year ending December 31, 2021, the Company determined they have performed all obligations upon opening of the franchise location and modified the recognition of current and future franchise fees. Beginning January 1, 2021, all franchise fees will be recognized in full upon receipt. There were no changes to prior year deferrals.

The Company’s revenues consist of fees from franchises such as initial franchise fees, royalties, marketing revenue, and other fees. The initial franchise fees are deferred revenue and recognized each year for fifteen years including the year the franchise opens for all years prior to the year ending December 31, 2021. For the year ending December 31, 2021 and all subsequent years, all franchise fees will be recognized when received. The royalty revenue, marketing revenue, and other fees are recognized when earned, and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document for a period of fifteen years. The initial franchise fee is not refundable, is collected upon contract signing, and future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract prior to the fifteen-year period, the remainder of the initial franchise fee is recognized in the year of termination.

Subsequent Events

Management has reviewed and evaluated subsequent events through April 19, 2024, the date on which the financial statements were issued.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Florida and classified as a partnership for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the partner members. Therefore, there is no provision for federal and state income taxes. The income tax expense is attributable to taxes calculated on revenue in states that require the calculation and payment for registration and continued sales of franchises in the state. The Company follows the guidance under Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes, which 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 members. The Company has not identified any uncertain tax positions for the three years ending December 31, 2023. 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.

NOTE 2 - RECLASSIFICATIONS

Certain reclassifications and combinations have been made for the purpose of conformity and comparability. The changes and adjustments do not have a material effect on the financial statements, they are not substantial, and they do not warrant re-issuance of the financial statements.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 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.

NOTE 4 - AFFILIATE LOANS

During the ordinary course of business, the Company enters into transactions with related parties primarily due to short term advances and cost reimbursements. The amounts are reflected on the balance sheet as affiliate loan assets and/or affiliate loan liabilities and are expected to be repaid during the subsequent year. There are no written terms of repayment and no interest charged. Any amounts outstanding after the subsequent twelve months will be included in a formal note with an imputed interest rate, if applicable.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 5 - DEFERRED REVENUE

As stated in Note 1, under ASC 606, franchisor may recognize franchise fee revenue when the franchisor has substantially performed all services required to earn the initial franchise fee, or if pre-opening activities contain any distinct goods or services that can be allocated from the initial franchise fee. Management has determined that revenue from the initial franchise fees should be recognized equally over a fifteen-year period beginning in the year the franchise opens. The amounts in deferred revenue on the balance sheet consists of the current portion of \$33,635 that will be recognized each year until the amount is exhausted. The Company has updated the franchise fee recognition policy for the year ending December 31, 2021 and subsequent years, and there will be no future additions to deferred revenue.

NOTE 6 - FIXED ASSETS

The Company has fixed assets consisting of equipment and website, with an original cost of \$11,461. The depreciation was calculated using the straight-line method over the useful life of the asset, as determined by management. The depreciation expense was \$1,968 each year for the year ending December 31, 2021. For the year ending December 31, 2022, depreciation expense was \$1,240, and the assets have been fully depreciated.

NOTE 7 - OTHER ASSETS

The Company has a long-term receivable, classified in Other Assets, consisting of amounts due from members. There is no formal note, no interest, and the balance has not been discounted. The amounts are expected to be reclassified as member distributions as allowable over the next five years. During the year ending December 31, 2021, there is a receivable from an affiliated company in the amount of \$7,420 in other assets. There is no formal note, no interest, and the balance has not been discounted. The amount is an accumulation of expenses paid on behalf of the affiliate. During the year ending December 31, 2022, the receivable from an affiliate has been reclassified to member distributions as management determined it will not be repaid. During the year ending December 31, 2023, the amounts due from affiliates of the Company are \$48,289.

NOTE 8 - LONG-TERM LIABILITIES

The long-term liabilities of the Company at December 31, 2022 include a note payable to the Small Business Administration (SBA), a line of credit, and deferred franchise revenue. The line of credit has an interest rate of 19.5% with no maturity date, and repayments are based on draw amounts. There is no current portion allocated for the line of credit. The Payroll Protection Loans originating during the year ending December 31, 2020 have been forgiven. During the year ended December 31, 2021, the SBA loan had one principal repayment and was in deferral. The SBA loan originated September 28, 2018 in the amount of \$200,000 and has a repayment term of 120 months, maturity date of October 2028 with an interest rate of 6%. The estimated principal repayment for the three years ending December 31, 2022 of \$27,133 is identified in the current liabilities section. The remaining balance is classified as a long-term liability. There is no collateral for any of the long-term liabilities.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 9 - OTHER INCOME

The Company's Other Revenue for the years ending December 31, 2022 and 2021 include forgiveness of Payroll Protection Loans of \$79,000 and \$68,480, respectively. The payroll protection loans were part of a nontaxable grant by legislation and repayment is not required.

NOTE 10 - FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchise's franchise development business.
- B. The franchise is obligated to pay a non-refundable initial franchise fee.
- C. The franchise is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. All other terms of the Franchise Disclosure Document.

MONTESSORI SCHOOL FRANCHISING LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE THREE YEARS ENDED
DECEMBER 31, 2022

MONTESSORI SCHOOL FRANCHISING LLC

Table of Contents

	Page
Independent Auditor’s Report.....	1-2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Members’ Equity.....	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-11

DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Montessori School Franchising LLC

Opinion

We have audited the accompanying financial statements of Montessori School Franchising LLC, which comprise the balance sheets as of December 31, 2022, and the related statements of operations, members' equity, and cash flows for the three years 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 Montessori School Franchising LLC as of December 31, 2022, and the results of its operations and its cash flows for the three years then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

The audit was conducted 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. The auditor is required to be independent of Montessori School Franchising LLC and meet other ethical responsibilities in accordance with the relevant ethical requirements relating to the 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 generally accepted accounting principles 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 Montessori School Franchising LLC'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 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.

DASH Business Solutions, LLC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Montessori School Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montessori School Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
April 25, 2023

MONTESSORI SCHOOL FRANCHISING LLC

	Balance Sheets December 31		
	2022	2021	2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 2,587	\$ 185	\$ 4,771
Prepaid Expenses	-	-	6,458
Total Current Assets	<u>2,587</u>	<u>185</u>	<u>11,229</u>
Fixed Assets			
Furniture and Fixtures, Net	-	1,240	3,208
Total Fixed Assets	<u>-</u>	<u>1,240</u>	<u>3,208</u>
Total Other Assets	<u>388,850</u>	<u>396,270</u>	<u>388,850</u>
TOTAL ASSETS	<u>\$ 391,437</u>	<u>\$ 397,695</u>	<u>\$ 403,287</u>
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	\$ 43,032	\$ 16,775	\$ 6,493
Deferred Revenue, current portion	33,635	33,635	33,635
SBA Loan, Current Portion	27,133	27,133	27,133
Total Current Liabilities	<u>103,800</u>	<u>77,543</u>	<u>67,261</u>
Long-Term Liabilities			
Deferred Franchise Revenue	369,985	403,620	437,255
Payroll Protection Loan	-	79,000	147,480
Line of Credit	36,314	3,200	-
SBA Loan	105,102	138,405	140,666
Total Long-Term Liabilities	<u>511,401</u>	<u>624,225</u>	<u>725,401</u>
Total Liabilities	<u>615,201</u>	<u>701,768</u>	<u>792,662</u>
Members' Equity			
Retained Earnings	(223,764)	(304,073)	(389,375)
Members' Equity	<u>(223,764)</u>	<u>(304,073)</u>	<u>(389,375)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 391,437</u>	<u>\$ 397,695</u>	<u>\$ 403,287</u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Operations For The Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues			
Franchise Fees	\$ 458,623	\$ 241,385	\$ 35,635
Royalties	800,880	449,169	240,934
Marketing Revenue	-	25,850	40,290
Other Revenue	188,511	209,038	43,616
Total Revenues	<u>1,448,014</u>	<u>925,442</u>	<u>360,475</u>
Expenses			
Advertising and Marketing	101,117	102,095	75,672
Bank and Merchant Charges	10,262	8,020	5,949
Broker Commissions	-	5,250	49,900
Computer Expenses	19,772	7,923	12,405
Contract Labor	832	15,113	14,580
Insurance	35,660	25,848	30,093
Licenses	1,272	1,078	587
Meals and Travel	100,669	76,853	33,658
Miscellaneous	35,267	521	6,483
Office Expenses	50,686	41,233	26,079
Payroll - Wages	271,954	183,674	160,752
Payroll - Taxes	19,270	14,528	12,907
Professional Fees	94,291	38,781	48,457
Repairs and Maintenance	6,265	3,448	2,733
Utilities	13,373	14,633	12,561
Total Expenses	<u>760,690</u>	<u>538,998</u>	<u>492,816</u>
Operating Income (Loss)	<u>687,324</u>	<u>386,444</u>	<u>(132,341)</u>
Other Expenses			
Interest Expense	25,138	939	14,577
Income Tax Expense	22,701	3,797	4,702
Depreciation Expense	1,240	1,968	1,968
Total Other Expenses	<u>49,079</u>	<u>6,704</u>	<u>21,247</u>
Net Income (Loss)	<u><u>\$ 638,245</u></u>	<u><u>\$ 379,740</u></u>	<u><u>\$ (153,588)</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Changes in Members' Equity For The Years Ended December 31

Equity at January 1, 2020	\$ (11,884)
Adjustments to Retained Earnings	2,659
Members' Distributions	(226,562)
Net Income (Loss)	<u>(153,588)</u>
Equity at December 31, 2020	<u><u>\$ (389,375)</u></u>
Equity at January 1, 2021	\$ (389,375)
Members' Distributions	(294,438)
Net Income (Loss)	<u>379,740</u>
Equity at December 31, 2021	<u><u>\$ (304,073)</u></u>
Equity at January 1, 2022	\$ (304,073)
Members' Distributions	(557,936)
Net Income (Loss)	<u>638,245</u>
Equity at December 31, 2022	<u><u>\$ (223,764)</u></u>

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Statements of Cash Flows For The Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>			
Net Income (Loss)	\$ 638,245	\$ 379,740	\$ (153,588)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation & Amortization	1,240	1,968	1,968
Changes in Assets and Liabilities			
(Increase) Decrease in Assets	7,420	(962)	(34,432)
Increase (Decrease) in Liabilities	26,257	10,282	(5,423)
Net Cash Provided by Operating Activities	<u>673,162</u>	<u>391,028</u>	<u>(191,475)</u>
<u>Cash Flows From Investing Activities:</u>			
Purchase of Fixed Assets	<u>-</u>	<u>-</u>	<u>(680)</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>(680)</u>
<u>Cash Flows From Financing Activities:</u>			
Proceeds From Long Term Debt	33,114	3,200	147,480
Principal Repayments of Long Term Debt	(33,303)	(2,261)	(16,233)
Loan Forgiveness	(79,000)	-	-
Deferred Revenue	(33,635)	(102,115)	277,265
Member Distributions	(557,936)	(294,438)	(226,562)
Net Cash Provided by Financing Activities	<u>(670,760)</u>	<u>(395,614)</u>	<u>181,950</u>
Net Change in Cash	2,402	(4,586)	(10,205)
Cash - Beginning of Period	<u>185</u>	<u>4,771</u>	<u>14,976</u>
Cash - End of Period	<u><u>\$ 2,587</u></u>	<u><u>\$ 185</u></u>	<u><u>\$ 4,771</u></u>
 Supplementary Disclosures Of Cash Flows			
Cash Paid For Interest	\$ 25,138	\$ 939	\$ 14,577
Cash Paid For Taxes	\$ 12,044	\$ 3,797	\$ 4,702

See accompanying Notes to Financial Statements

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Montessori School Franchising LLC (the “Company”) was formed on December 6, 2012 as a Florida limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchisee location of Montessori Kids Universe, an early-childhood school based on Montessori principles of teaching.

Basis of Accounting

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

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 search system.

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. At December 31, 2022, the Company had cash and cash equivalents of \$2,587.

Concentration of Risk

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

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2022, the Company had no receivables and had no allowance for uncollectible accounts.

Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee based on the fifteen-year contract term. The Modified Retrospective Approach to ASC 606 was implemented during the year ending December 31, 2020. During the year ending December 31, 2021, the Company determined they have performed all obligations upon opening of the franchise location and modified the recognition of current and future franchise fees. Beginning January 1, 2021, all franchise fees will be recognized in full upon receipt. There were no changes to prior year deferrals.

The Company’s revenues consist of fees from franchises such as initial franchise fees, royalties, marketing revenue, and other fees. The initial franchise fees are deferred revenue and recognized each year for fifteen years including the year the franchise opens for all years prior to the year ending December 31, 2021. For the year ending December 31, 2021 and all subsequent years, all franchise fees will be recognized when received. The royalty revenue, marketing revenue, and other fees are recognized when earned, and are based on a percentage of gross sales of each individual franchise according to the franchisee contract.

The Company is obligated to provide the franchise with specific performances, including name and trademark use, as outlined in the franchise disclosure document for a period of fifteen years. The initial franchise fee is not refundable, is collected upon contract signing, and future allocations of the initial franchise fees have no risk of impairment. When a franchise terminates the contract prior to the fifteen-year period, the remainder of the initial franchise fee is recognized in the year of termination. Beginning the year ending December 31, 2021, all franchise fees will be recognized upon receipt. The Franchise Fees revenue during the years ending December 31, 2022 and 2021 include \$35,635 of prior year franchise fees as per the Company policy.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Florida and classified as a partnership for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the partner members. Therefore, there is no provision for federal and state income taxes. The income tax expense is attributable to taxes calculated on revenue in states that require the calculation and payment for registration and continued sales of franchises in the state.

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 members 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, 2022, the 2021, 2020 and 2019 tax years were subject to examination.

Advertising Costs

The Company expenses advertising costs when the first advertising takes place. The advertising expense at December 31, 2022 was \$101,117.

Subsequent Events

Management has reviewed and evaluated subsequent events through April 25, 2023, the date on which the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

During the three years ended December 31, 2022, the Company has not incurred any operating expenses with related parties. There were no related party transactions.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 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.

NOTE 4 - FRANCHISE AGREEMENT

The terms of the Company’s franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

NOTE 5 - DEFERRED REVENUE

As stated in Note 1, under ASC 606, franchisor may recognize franchise fee revenue when the franchisor has substantially performed all services required to earn the initial franchise fee, or if pre-opening activities contain any distinct goods or services that can be allocated from the initial franchise fee. Management has determined that revenue from the initial franchise fees should be recognized equally over a fifteen-year period beginning in the year the franchise opens. The amounts in deferred revenue on the balance sheet consists of the current portion of \$33,635 that will be recognized each year until the amount is exhausted. The Company has updated the franchise fee recognition policy for the year ending December 31, 2021 and subsequent years, and there will be no future additions to deferred revenue.

NOTE 6 - FIXED ASSETS

The Company has fixed assets consisting of equipment and website, with an original cost of \$11,461. The depreciation is calculated using the straight-line method over the useful life of the asset, as determined by management. The depreciation expense was \$1,968 each year for the two years ending December 31, 2021. For the year ending December 31, 2022, depreciation expense was \$1,240, and the assets are fully depreciated.

MONTESSORI SCHOOL FRANCHISING LLC

Notes to the Financial Statements

NOTE 7 - OTHER ASSETS

The Company has a long-term receivable, classified in Other Assets, consisting of amounts due from members. There is no formal note, no interest, and the balance has not been discounted. The amounts are expected to be reclassified as member distributions as allowable over the next five years. During the year ending December 31, 2021, there is also a receivable from an affiliated company in the amount of \$7,420 in other assets. There is no formal note, no interest, and the balance has not been discounted. The amount is an accumulation of expenses paid on behalf of the affiliate. During the year ending December 31, 2022, the receivable from an affiliate has been reclassified to member distributions as management determined it will not be repaid.

NOTE 8 - LONG-TERM LIABILITIES

The long-term liabilities of the Company at December 31, 2022 include a note payable to the Small Business Administration (SBA), a line of credit, and deferred franchise revenue. The line of credit has an interest rate of 19.5% with no maturity date, and repayments are based on draw amounts. There is no current portion allocated for the line of credit. The Payroll Protection Loans originating during the year ending December 31, 2020 have been forgiven as of the date of the auditor report and no current portion is allocated due to the forgiveness. During the year ended December 31, 2021, the SBA loan had one principal repayment and was in deferral. The SBA loan originated September 28, 2018 in the amount of \$200,000 and has a repayment term of 120 months, maturity date of October 2028 with an interest rate of 6%. The estimated principal repayment for the three years ending December 31, 2022 of \$27,133 is identified in the current liabilities section. The remaining balance is classified as a long-term liability. There is no collateral for any of the long-term liabilities.

NOTE 9 - OTHER INCOME

The Company's Other Revenue for the years ending December 31, 2022 and 2021 include forgiveness of Payroll Protection Loans of \$79,000 and \$68,480, respectively. It is a nontaxable grant by legislation and repayment is not required. The Company's Other Revenue at December 31, 2020 includes an Economic Injury Disaster Loan (EIDL) Advance of \$10,000. It has been considered a non-taxable grant by legislation and repayment is not required.

NOTE 10 - RECLASSIFICATIONS

Certain reclassifications and combinations have been made for the purpose of conformity and comparability. The changes and adjustments do not have a material effect on the financial statements, they are not substantial, and they do not warrant re-issuance of the financial statements.

**EXHIBIT G
(TO DISCLOSURE DOCUMENT)**

LIST OF CURRENT FRANCHISEES

**MONTESORI KIDS UNIVERSE® (MKU)
LIST OF OPERATIONAL FRANCHISEES
AS OF 12-31-2024**

ALABAMA

MKU of Homewood
2041 Brookwood Medical Center Drive
Homewood, AL 35209
Jason & Kim McDougall
205-848-2714

MKU of Hoover AL
1325 Alford Avenue
Hoover, AL 35226
Jason & Kim McDougall
205-848-2508

FLORIDA

MKU of Baymeadows
10915 Baymeadows Road
Jacksonville, FL 32256
Nish Patel
904-504-1153

ILLINOIS

MKU of Effingham IL.
2201 Willenborg Street. Ste 8
Effingham, IL 62401
Brad & Jordan Jensen
217-821-2473

MKU of Dietreich
3488 N. 1100th Street
Mason, IL 62443
Brad and Jordan Jensen
217-559-1880

MASSACHUSETTS

MKU of Beverly
600 Cummings Center #171-X
Beverly, MA 01915
Eden Joy Pacsial-Onh
978-998-7808

MKU of Braintree
335 West Street

Braintree, MA 02184
Eden Joy Pacsial-Onh
978-998-7808

NEW JERSEY

MKU of Chester
395 Route 24
Chester, NJ 07930
Ti Patel
908-650-1658

NORTH CAROLINA

MKU of Fuquay Varina
1200 Galt Avenue
Fuquay Varina, NC
Mandy & Danny Gee
919-449-5843

OHIO

MKU of Mason
997 Reading Road
Mason, Ohio 45040
Mike Raulston
513-253-3383

TEXAS

MKU of Hutto TX
2100 Muirfield Bend Drive
Suite 100
Hutto, TX 78634
Lubna Shaw
512-642-6300

MKU of Shavano (San Antonio)
13807 Red Maplewood Suite 100
San Antonio, TX 78249
Mitesh Patel
210-395-4355

MKU of Weatherford
1213 Santa Fe Drive
Weatherford, TX 76086
Christin & Scott Bender

682-628-5282

MKU Leander (Austin)
10930 E. Crystal Falls Parkway
Leander, TX 78641
Arathe Vittal
737-444-5659

MKU of University Heights (San Antonio)
6506 W. Hausman Road
San Antonio, TX 78249
Mitesh Patel
832-285-2295

MKU of Stone Oak (San Antonio)
US 281 N.
San Antonio, TX 78258
Joshua and Pam Hernandez
201-884-7444

VIRGINIA

MKU of Short Pump (Richmond)
3450A Lauderdale Drive
Richmond, VA 23233
Ed and Sun Burhop
804-652-9773

MKU of Cameron Square
410 South Pickett Street
Alexandria VA 22304
Joy Nash
703-795-0206

MKU of Lorton Valley
8931 Ox Road
Lorton VA 2207
Wuba Shifweaw
703-939-1144

**FRANCHISEES WHO SIGNED AGREEMENTS BUT HAVE
NOT YET OPENED AS OF DECEMBER 31, 2024**

ARIZONA

MKU of Chandler
To be determined in Chandler, AZ
Bala Bandy
408-526-0706

CONNECTICUT

MKU of Hartford
To be determined in Hartford, CT
Diveysh Rajkotia
860-913-9946

FLORIDA

MKU of Panama City
To be determined in Panama City, FL
Kush Patel
630-935-6362

MKU of Lake Nona
To be determined in Orlando, FL
Fernando and Karen Torres-Lara
786-985-6271

MKU of Pensacola
3891 Nine Mile Road 52526
Kim Clawson
423-443-7738

MKU of Winter Garden
To be determined in Winter Garden, FL
Achal Aggarwal
407-421-3148

GEORGIA:

MKU of Marietta
To be determined in Marietta, GA
Ketan Merchant
407-406-2800

ILLINOIS

MKU Bannockburn
1171 Half Day Road
Bannockburn, IL 60015

Megan Tinsley
847-812-9890

MKU of Aurora
To be determined in Aurora, IL
Skandarajan Rajaratnam
630-765-2103

KENTUCKY

MKU of Louisville
14015 Old Henry Trail
Louisville, KY 40245
Pete Patel
614-226-1757

MASSACHUSETTS

MKU of Waltham
To be determined in Waltham, MA
Junior Sainval
813-508-5257

MKU of Weymouth
To be determined in Weymouth, MA
Astrit Gorezi
508-423-6739

NEW JERSEY

MKU of Princeton
To be determined in Princeton, NJ
Tony Mahfoud
203-942-8347

NORTH CAROLINA

MKU of Charlotte
To be determined in Charlotte, NC
Nicole Melton
252-814-5170

MKU of Rolesville
To be determined
Mannem Poojapuja
810-224-2525

OHIO

MKU of Columbus
1275 Olentangy Road

Columbus, OH 43212
Tom Pierce
614-370-0912

MKU of Dublin
To be determined in Dublin, OH
Tarun Palyam
612-412-3499

PENNSYLVANIA

MKU of Bensalem
To be determined in Bensalem, PA
Sima Patel
267-981-5626

SOUTH CAROLINA

MKU of Fort Mills
To be determined in Fort Mills, SC
Ramsey & Nicole Melton
252-814-5170

TENNESSEE

MKU of Nashville
To be determined in Nashville, TN
Michelle Winchester
615-485-4213

TEXAS

MKU of Sunnydale (Dallas)
Sunnyvale Park Square
Sunnyvale, TX 78613
Sinu George
214-447-7161

MKU of Argyle
To be determined in Argyle, TX
Karthik Vijay
210-461-4065

MKU of Prosper
To be determined in Prosper, TX
Sunny Ahhera
469-586-6292

MKU of Rosenburgh

To be determined in Rosenburgh, TX
Imaduddin Mohammed
909-579-0344

MKU of South Lake
To be determined in South Lake, TX
Dhruv Wazir
410-206-7138

VIRGINIA

MKU of Ashland
To be determined in Ashland, TX
Ed Burhop
804-652-9773

WASHINGTON

MKU of Puyallup
To be determined in Puyallup, WA
NEED

**EXHIBIT H
(TO DISCLOSURE DOCUMENT)**

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following franchisees had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year (January 1, 2024 to December 31, 2024) or have not communicated with us within ten (10) weeks of the Disclosure Document issuance date.

COLORADO

MKU of Colorado Springs
Nathanael Archuleta
719-325-6600

TEXAS

MKU of Katy (Houston)
Katy, TX 77084
Xavier & Christina Ibarrola
713-344-1640

MKU of Spring Cypress (Houston)
Core 7 Nurture LLC
346-808-7636

MKU of North Katy (River Bottom)
Katy, TX 77449
Maya Hathiramani
340-643-4860

MKU of Allen TX
Aryn Merchant
Tel: 610-209-0074

VIRGINIA

MKU of Ashburn
20108 Ashburn Village Blvd.
Ashburn VA 20147
Chowdrey Malireddy
571-365-0050

**EXHIBIT I
(TO DISCLOSURE DOCUMENT)**

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT, NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HERIN IS TRUE, COMPLETE AND NOT MISLEADING.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW.DBO.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 OFFERING CIRCULAR.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 3 of the Disclosure Document is amended to add:

The franchisor, and the persons and franchise brokers listed in Item 2 of the Disclosure Document are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Item 6 of the Disclosure Document is amended to add:

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

Item 17 of the Disclosure Document is amended to add:

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

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 application of the laws of the State of Florida. This provision may not be enforceable under California law.

The franchise agreement contains forum selection provisions requiring mediation and arbitration be conducted near the franchisor's headquarters at the time of mediation and arbitration, and any suits must be

filed in the state or federal courts located in Palm Beach County, Florida. These provisions may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination 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 requires binding arbitration. The arbitration will occur in the city where the franchisor's headquarters are located at the time of arbitration (currently West Palm Beach, Florida) with the costs being borne equally by the parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The franchise agreement contains waivers of punitive damages and jury trial provisions. These provisions may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

THESE FRANCHISES WILL BE (OR HAVE BEEN) FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST. A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Item 17 of the Disclosure Document is amended to add:

You must sign a general release if you renew or transfer your franchise. The Hawaii Franchise Investment Law voids a waiver of your rights under the Franchise Investment Law. Any provisions in the franchise agreement for the release of the franchisor from liability imposed under the Franchise Investment Law or accompanying regulations is unenforceable.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Special Risks to Consider About *This* Franchise:

You must purchase all or nearly all inventory and supplies necessary to operate your business from the franchisor, its affiliates or from suppliers that the franchisor designates at prices that may be higher than you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

1. Item 17.g. of the Disclosure Document entitled “Renewal, Termination, Transfer and Dispute Resolution” is amended by adding the following language:

The conditions under which a franchise can be terminated and rights upon non-renewal may be affected by the Illinois Franchise Disclosure Act, Sections 19 and 20.

2. Item 17.v. of the Disclosure Document entitled “Choice of Forum” and Item 17.w. of the Disclosure Document entitled “Choice of Law” are amended to add the following language:

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

3. Section 20 of the Illinois Franchise Disclosure Act provides that termination and non-renewal of a franchise agreement are governed by Illinois law.

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

5. Item 21 of the Disclosure Document is amended by adding the following language:

Franchisor has posted a surety bond with the Illinois Attorney General equal to the Initial Franchise Fee multiplied by the number of units that franchisor projects to open this fiscal year in Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor’s financial condition.

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

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

Item 17.c. and Item 17.m. of the Franchise Disclosure Document are amended by adding the following language:

A general release required as a condition of renewal, sale or transfer shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

Item 17.h. of the Franchise Disclosure Document is amended to add the following:

The provision in the franchise agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17.u., 17.v. and 17.w. are amended by adding the following language:

A franchise may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any suit for a claim arising under the Maryland Franchise Registration and Disclosure Law must be filed within 3 years of the grant of the franchise.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (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 with the franchise.

Item 21 is amended by the addition of the following:

Franchisor has posted a surety bond with the State of Minnesota equal to the Initial Franchise Fee multiplied by the number of franchises that Franchisor projects to open this fiscal year in Minnesota. This financial assurance requirement was imposed by the State of Minnesota Department of Commerce Securities Section due to the Franchisor's financial condition.

NEW YORK ADDENDUM TO OFFERING PROSPECTUS

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 J OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of ITEM 3:

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

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 allegations.

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

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

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 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.

The following is added to the end of ITEM 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S.

Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of ITEM 5:

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

The following is added to the end of the “Summary” sections of ITEM 17(c), titled “Requirements for franchisee to renew or extend,” and ITEM 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of ITEM 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

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

The following is added to the end of the “Summary” sections of ITEM 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK MATERIAL FACT STATEMENT

WE REPRESENT THAT THIS OFFERING PROSPECTUS DOES NOT KNOWINGLY OMIT
ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (North Dakota Century Code Section 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

Item 17.v. and 17.w. is amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

Item 5 of the disclosure document is amended to add 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.

Item 17(h) of the disclosure document is amended to add the following:

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

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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

The following replaces the language in the “Summary” column of Item 17(d), titled “Termination by franchisee”:

You may terminate the franchise agreement under any grounds permitted by law.

Item 17.v. is amended to add the following:

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

Item 17.w. is amended to add the following:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

Items 17.c. and 17.m are amended to add the following:

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel.

Item 17.m. is amended to add the following:

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

EXHIBIT J
(TO DISCLOSURE DOCUMENT)

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

Our registered agent in the State of Florida is:

United States Corporations Agents, Inc.
476 Riverside Avenue
Jacksonville, FL 32202

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Business Oversight One Sansome Street Suite 600 San Francisco, CA 94104 (866) 275-2677	Commissioner of Business Oversight One Sansome Street Suite 600 San Francisco, CA 94104 (866) 275-2677
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 302 W. Washington St., Room E-111 Indianapolis, Indiana 46204
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 335-7567	Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Bldg., 1st Floor Lansing, Michigan 48913
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 (212) 416-8285	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue, 5th Floor Bismarck, North Dakota 58505
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. N.E., Rm 21 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 Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Road, S. W. Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions 345 W. Washington St., 4 th Floor Madison, Wisconsin 53703 (608) 266-8559	

**EXHIBIT K
(TO DISCLOSURE DOCUMENT)**

FRANCHISEE DISCLOSURE QUESTIONNAIRE

MONTESSORI SCHOOL FRANCHISING LLC
FRANCHISEE DISCLOSURE QUESTIONNAIRE*
FRANCHISE

As you know, MONTESSORI SCHOOL FRANCHISING LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Montessori Kids Universe® franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes__No__ 1. Have you received the Franchise Agreement and each exhibit or schedule attached to it?
- Yes__No__ 2. Did you receive the Franchise Agreement containing all material terms, at least seven calendar days before signing any binding agreement with us or an affiliate? (Note: This does not include changes to any agreement arising out of negotiations you initiated with us.)
- Yes__No__ 3. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes__No__ 4. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing the Franchise Agreement or any related agreement, and at least 14 calendar days before paying any funds to us or an affiliate?
- Yes__No__ 5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes__No__ 6. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?
- Yes__No__ 7. Have you discussed the benefits and risks of developing and operating a Montessori Kids Universe® franchise with an existing Montessori Kids Universe® franchisee?
- Yes__No__ 8. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes__No__ 9. Do you understand we have not granted you any territorial rights, other than the right to your Territory as indicated in the Franchise Agreement?
- Yes__No__ 10. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the production, distribution and sale of products and services under the Montessori Kids Universe® name or other mark, at any location outside of your Territory or by any method of distribution, without regard to the location

of other Montessori Kids Universe® franchises and these other Montessori Kids Universe® franchises or methods of distribution may compete with your unit and adversely affect its sales?

Yes__No__ 11. Do you understand that, except where prohibited by the laws of your state, all disputes or claims you may have arising out of or relating to the Franchise Agreement must be litigated in Florida, if not resolved informally or by mediation?

Yes__No__ 12. Do you understand that you and certain others must satisfactorily complete the initial training course(s) before we will allow the Montessori Kids Universe School to open?

Yes__No__ 13. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for a Montessori Kids Universe® School meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?*

Yes__No__ 14. Do you acknowledge and understand that the Franchise Agreement and related agreements are not effective until signed by us?

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of a 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.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

* Nothing contained in this Questionnaire is intended to disclaim the representations we made in the Franchise Disclosure Document.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

* Nothing contained in this Questionnaire is intended to disclaim the representations we made in the Franchise Disclosure Document.

MONTESSORI SCHOOL FRANCHISING LLC
FRANCHISEE DISCLOSURE QUESTIONNAIRE*
MULTI-UNIT DEVELOPMENT

As you know, MONTESSORI SCHOOL FRANCHISING LLC (“we” or “us”), and you are preparing to enter into a Multi-Unit Development Agreement (“MUDA”) for the right to develop and open multiple Montessori Kids Universe franchises according to a development schedule. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and exercise of your multi-unit development rights. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the MUDA and pay your reservation fees.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes__No__ 1. Have you received the MUDA and each exhibit or schedule attached to it?
- Yes__No__ 2. Did you receive the MUDA containing all material terms, at least seven calendar days before signing any binding agreement with us or an affiliate? (Note: This does not include changes to any agreement arising out of negotiations you initiated with us.)
- Yes__No__ 4. Did you receive the Franchise Disclosure Document at least 14 calendar days before signing the MUDA or any related agreement, and at least 14 calendar days before paying any funds to us or an affiliate?
- Yes__No__ 5. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes__No__ 8. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?
- Yes__No__ 9. Have you discussed the benefits and risks of developing and operating a Montessori Kids Universe® franchise with an existing Montessori Kids Universe® franchisee?
- Yes__No__ 12. Do you understand we have not granted you any territorial rights, other than the right to exercise your development rights within your Development Area as indicated in the MUDA?
- Yes__No__ 13. Do you understand the Development Area is not exclusively reserved for your development of franchises, and there may be existing Montessori Kids Universe® Schools within the Development Area subject to the territorial protection granted to you under the Franchise Agreements for the franchises developed, owned and operated by you or your affiliates
- Yes__No__ 14. Do you understand that, except where prohibited by the laws of your state, all disputes or claims you may have arising out of or relating to the MUDA must be arbitrated in Florida, if not resolved informally or by mediation?

Yes__ No__ 17. Do you understand that the MUDA contains the entire agreement between us and you concerning the right to develop and open additional franchises for Montessori Kids Universe® Schools, meaning any prior oral or written statements concerning these rights not set out in the MUDA will not be binding?*

Yes__ No__ 18. Do you acknowledge and understand that the MUDA and related agreements are not effective until signed by us?

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of a 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.

Signature of MUDA Applicant

Signature of MUDA Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of MUDA Applicant

Signature of MUDA Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

* Nothing contained in this Questionnaire is intended to disclaim the representations we made in the Franchise Disclosure Document.

**EXHIBIT L
(TO DISCLOSURE DOCUMENT)**

STATE EFFECTIVE DATES

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	Pending
Indiana	June 8, 2025
Maryland	
Michigan	June 8, 2024
Minnesota	Pending
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	Pending
Washington	Pending
Wisconsin	June 4, 2025

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 Montessori School Franchising LLC (“MSF”) offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If MSF does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit J.

MSF authorizes the parties identified on Exhibit J to receive service of process for MSF in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employee(s) of MSF, having a principal business address of 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418 and a telephone number of (561) 339-9121: Thomas Boehm, Nancy Boehm, Jackie Boehm.

The following independent sales agent (MSF requests that the prospective franchisee fill in the information if known): _____, having a principal business address at : _____, telephone number: _____.

Issuance Date: May 15, 2025

I received a Disclosure Document dated May 15, 2025, that included the following Attachments:

Franchise Agreement (Exhibit A); Multi-Unit Development Agreement (Exhibit B); Conditional Assignment of Lease (Exhibit C); Form of General Release (Exhibit D); Operations Manual Table of Contents (Exhibit E); Financial Statements (Exhibit F); List of Current Franchisees (Exhibit G); List of Franchisees Who Have Left the System (Exhibit H); State Addenda to Disclosure Document (Exhibit I); List of State Agencies/Agents for Service of Process (Exhibit J); Franchisee Disclosure Questionnaire (Exhibit K); and State Effective Dates (Exhibit L).

DATE: _____

Prospective Franchisee

Print Name: _____

Please retain this copy for 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 Montessori School Franchising LLC (“MSF”) offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If MSF does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit J.

MSF authorizes the parties identified on Exhibit J to receive service of process for MSF in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employee(s) of MSF, having a principal business address of 4521 PGA Boulevard, Suite 156, Palm Beach Gardens, Florida 33418 and a telephone number of (561) 339-9121: Thomas Boehm, Nancy Boehm, Jackie Boehm.

The following independent sales agent (MSF requests that the prospective franchisee fill in the information if known): _____, having a principal business address at : _____, telephone number: _____.

Issuance Date: May 15, 2025

I received a Disclosure Document dated May 15, 2025, that included the following Attachments:

Franchise Agreement (Exhibit A); Multi-Unit Development Agreement (Exhibit B); Conditional Assignment of Lease (Exhibit C); Form of General Release (Exhibit D); Operations Manual Table of Contents (Exhibit E); Financial Statements (Exhibit F); List of Current Franchisees (Exhibit G); List of Franchisees Who Have Left the System (Exhibit H); State Addenda to Disclosure Document (Exhibit I); List of State Agencies/Agents for Service of Process (Exhibit J); Franchisee Disclosure Questionnaire (Exhibit K); and State Effective Dates (Exhibit L).

DATE: _____

Prospective Franchisee

Print Name: _____

IMPORTANT: Please immediately sign/scan and send to: Tom Boehm, tom@mkuschools.com, THEN RETURN THE ORIGINAL OF THIS PAGE BY MAIL OR COURIER TO MONTESSORI SCHOOL FRANCHISING LLC, 4521 PGA BOULEVARD, SUITE 156, PALM BEACH GARDENS, FLORIDA 33418.